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LABOR CONDITIONS IN MEAT PACKING AND
THE RECENT STRIKE.

ON September 9 the Executive Board of the Amalgamated Meat Cutters and Butcher Workmen of North America "called off" the strike of their 50,000 members against the five packing companies. In the Chicago stock yards, where 22,000 came out, followed by 8,000 allied trades, this was the third general strike. For fifteen years after the Knights of Labor strike in 1886 every man or woman who ventured to start an organization was discharged; and after 1890, when the "combine" of packers became effective, many of them were black-listed. The strike of 1894 was sympathetic and unorganized. The strike of 1904 was a mistake on the part of the union; for the employers had offered arbitration sixteen hours before the men went out, and arbitration was what the leaders had asked for. They were out eight days, and went back on an agreement to arbitrate, but were again called out after an hour's work on the ground of discrimination. This was in violation of the agree-

ment just made, which bound them and their employers to submit discriminations and all other grievances to arbitration. The mistake was natural. It followed a history of grievances on both sides, and a conviction on the part of the workmen that the packers were determined to destroy their union.

The national union dates from July, 1897, and is designed to include all wage-earners in slaughtering and packing establishments and all meat-cutters employed in stores. The country was fairly organized before Chicago was attacked in 1900. For a year or more the organizations were secret,¹ but eventually they felt strong enough to throw off their cloak; and in August, 1901, they united in the Packing Trades Council. This eventually comprised twenty-two locals, under the jurisdiction of one national organization. Each local is organized on the line of a department. The cattle butchers form one local. Others are the sheep butchers, pork butchers, beef carriers, beef-casing workers, sausage makers, wool workers, hide cellar men, canning-room employees, oleo and butterine workers, and twelve more. At first only the skilled men in each department were organized; but these gradually extended their numbers to take in the unskilled, and finally departments altogether unskilled were organized. Each local made its own demands and agreements at different times under the approval of the national organization; but in May, 1904, a combined scale for all departments and classes of labor was submitted to the employers. It was this scale that precipitated the strike; and the point of division was the demand for a minimum wage of 20 cents an hour, afterwards reduced to 18½ cents, for all unskilled labor. Demands of this kind had been made and granted in departments where skilled workmen, like cattle butch-

¹ Conditions described in this article are mainly those of Chicago, the centre of the industry.

ers and sheep butchers, prevailed, but had been rejected in other departments.

In analyzing the labor situation in the industry, we may begin with the leading group of workmen, the cattle butchers.

The cattle butchers' local unions number 5,500 of the 50,000 members, and of these about 2,000 are the most highly skilled of all the workmen in the slaughtering and packing industry. Their importance has brought to them the title of "butcher aristocracy." Their strategic position is explained by the character and expensiveness of the material they work upon. The cattle butcher can do more damage than any other workman; for a cut in the hide depreciates its value 70 cents, and a spotted or rough carcass will be the last to sell, with the risk of the rapid depreciation of a perishable product. The sheep butcher merely "pulls off" three-quarters of the hide, but the cattle butcher can pull off only 2 per cent. The entire hide must be neatly cut off, leaving the "fell," or mucous covering, intact on the carcass, to give it a good appearance. The "splitter," too, must make a neat and smooth cut straight down the middle of the ivory-like "fins" of the backbone, or the wholesaler cannot quickly dispose of the piece. Yet, notwithstanding the high skill required, the proportion of skilled workmen in the butchers' gang is very small, owing to a minute division of labor. It would be difficult to find another industry where division of labor has been so ingeniously and microscopically worked out. The animal has been surveyed and laid off like a map; and the men have been classified in over thirty specialties and twenty rates of pay, from 16 cents to 50 cents an hour. The 50-cent man is restricted to using the knife on the most delicate parts of the hide (floorman) or to using the axe in splitting the backbone (splitter); and, wherever a less skilled man

can be slipped in at 18 cents, 18½ cents, 20 cents, 21 cents, 22½ cents, 24 cents, 25 cents, and so on, a place is made for him, and an occupation mapped out. In working on the hide alone there are nine positions, at eight different rates of pay. A 20-cent man pulls off the tail, a 22½-cent man pounds off another part where the hide separates readily, and the knife of the 40-cent man cuts a different texture and has a different "feel" from that of the 50-cent man. Skill has become specialized to fit the anatomy.

In this way, in a gang of 230 men, killing 105 cattle an hour, there are but 11 men paid 50 cents an hour, 3 men paid 45 cents, while the number getting 20 cents and over is 86, and the number getting under 20 cents is 144, as follows:—

Typical Crew of Cattle Butchers and Helpers.

<i>Rate of pay per hour.</i>	<i>No. of men at rate.</i>
50 cents.	11
45 "	3
40 "	5
32½ "	6
31½ "	2
30 "	2
27½ "	4
26½ "	6
25 "	6
24 "	1
22½ "	16
21 "	4
20 "	20
18½ "	5
15 to 18 cents	139
Average 21.	Total 230

The following table shows the list of occupations as provided for in the agreement of 1903-04, with the number of men in each occupation for a gang of 230, their rates of pay, and their schedule of output. The agreement went only as far as knife men, who received 20 cents an hour. Those receiving less than that rate were the shifting population of laborers who had never been

included in the scale, and who would have been raised to a minimum of 18½ cents, had the demands of 1904 been granted.

Cattle Butchers, Gang of 230 Men.

No. of Men.	Position.	Scale of wages (per hour).	Scale of work (per hour). 1903-04.
3	Penner	\$0.18½	Left to House Committee
1	Knocker, when raising gates and dumping out . . . .	.24	60
	Knocking only . . . . .	.24	80
2	Schackler . . . . .	.18½	Left to House Committee
2	Hoister . . . . .	.20	" " " "
	Sticking . . . . .	.32½	" " " "
4	Heading and sticking . . . .	.32½	25
	Heading only . . . . .	.32½	30
1	Dropper . . . . .	.20	Left to House Committee
2	Pritcher up . . . . .	.20	" " " "
1	Gullet-raiser . . . . .	.20	" " " "
3	Foot-skinner . . . . .	.22½	35
3	Leg-breaker . . . . .	.25	25 sets
1½	Ripper-open . . . . .	.25	80
7	Floorman . . . . .	.50	15
1½	Breast-sawyer . . . . .	.25	75
1½	Caul-puller . . . . .	.26½	50
	Pulling cauls and opening eich . . . .	.20	40
1	Eich-opener . . . . .	.20	75
1	Tail-ripper . . . . .	.20	20
3	Fell-cutter . . . . .	.27½	25
	Cord-cutter	—	Left to House Committee
2½	Rumper . . . . .	.40	40
3	Fell-beater . . . . .	.22½	60
	Fell-puller	—	40
2	Gutter . . . . .	.26½	40
2½	Backer . . . . .	.45	40
3	Tail-sawyer . . . . .	.26½	30
4	Splitter . . . . .	.50	25
2	Hanging off . . . . .	.22½	60
2½	Clearing out . . . . .	.30	40
2½	Hide-dropper . . . . .	.32½	40
	Clear out and drop together . . . .	.32½	20
1½	Neck-splitter . . . . .	.31½	60
2½	Skirt-trimmer . . . . .	.21	60
3	Ladder-men . . . . .	.22½	Left to House Committee
4	Bruise-trimmer . . . . .	.22½	" " " "
1	Scribe-sawyer . . . . .	.20	" " " "
1	Cutting out tongues	—	100
6	Boning heads	\$1.05 per 100	32½
	All other knife men . . . . .	.20	
	Laborers not covered by agreement	16½ to 19½	

The division of labor grew with the industry, following the introduction of the refrigerator car and the marketing of dressed beef, in the decade of the seventies. Before the market was widened by these revolutionizing inventions, the killing gangs were small, since only the local demands were supplied. But, when the number of cattle to be killed each day increased to a thousand or more, an increasing gang or crew of men was put together; and the best men were kept at the most exacting work. At what point the greatest economy is reached was discovered by experiment and by comparison of one house with another. Each firm has accurate knowledge of the labor force and the output of every other house, and in this way each improvement becomes general and each superintendent is keyed up. Taking a crew of 230 butchers, helpers, and laborers, handling 1,050 cattle a day under the union regulations of output, the time required for each bullock is equivalent to 131 minutes for one man, from the pen to the cooler, the hide cellar, and all the other departments to which the animal is distributed. But this is made up of 6.4 minutes for the 50-cent man, $1\frac{1}{4}$ minutes for the 45-cent man, and so on; and the average wage per hour for the gang would not exceed 21 cents, making the entire labor cost about 46 cents per bullock.

Three objects were gained by this division of labor. *First*, cheaper men—unskilled and immigrant labor—could be utilized in large numbers. *Second*, skilled men became more highly expert in the quality of their work. While, on the one hand, this greatly increased the proportion of low-wage men, it also pushed up the wages of the very few skilled men on the delicate and particular parts of the work. An all-round butcher might expect to earn 35 cents an hour, but the highly specialized floor-man or splitter earns 50 cents an hour. Some of these

expert floormen work a week at a time without cutting a single hide, so deft and delicate becomes their handling of the knife. If the company makes a few of these particular jobs desirable to the men and attaches them to its service, it can become independent of the hundreds who work at the jobs where they can do but little damage; and their low wage brings down the average to 21 cents, where, if all were all-round butchers, the average would be 35 cents. Consequently, in the course of time the companies put a few of the strongest men, and those with a particular knack for their work, on "steady time," paying them a salary of \$24 to \$27 a week, regardless of the time actually worked; but the other nine-tenths of the gang were hired by the hour, and paid only for the time at work. These steady-time men not only stood by the company, but acted as pace-setters; and in this way a *third* object of division of labor was brought about,—namely, speed. Take the occupation of splitting, for example. In the year 1884 five splitters in a certain gang would get out 800 cattle in 10 hours, or 16 per hour for each man, the wages being 45 cents. In 1894 the speed had been increased so that 4 splitters got out 1,200 in 10 hours, or 30 per hour for each man,—an increase of nearly 100 per cent. in 10 years. The wages, except for the steady-time men, were reduced to 40 cents per hour. Other occupations had been speeded up, and other rates of pay had been reduced in similar proportions. This was undoubtedly the grievance above all others which led to the organization of 1901; for the first act of the union was not directed towards wages or hours, but towards a reduction of the output. This the union did by adopting a "scale of work," and putting it into force without consulting the foremen, superintendents, or proprietors. In the case of the splitters the output was reduced from an average as high as 30 cattle

an hour in some establishments to a uniform 25 an hour, and thereafter, in order that the gang might get out 120 an hour, the number of splitters had to be increased to 5. Similar changes were made in other occupations, the floormen being reduced from an average of 20 to a limit of 15, and so on. An exception is the "head boners" or trimmers, who are the only class of workmen in the cattle gang paid by the piece. In this occupation the rate formerly was 7 cents per head, but it had been reduced to 9 mills per head; and the union, without placing a limit on the amount of work, secured two advances in the rate, bringing it to $1\frac{1}{4}$ cents per head. At this rate the leader of the boners can make 40 cents an hour.

The packers admit that some of them had gone too far in rushing the men, but they hold that the union has gone too far in restraining them. The union contends that their scale of work is the same as that which already existed in the Hammond plant and in one of the Swift houses. At any rate, the inelastic restriction of output is set forth by the packers as the most objectionable and arbitrary of all the features of the union. They cite the fact that it applies equally and without distinction to "canners" that weigh 800 or 900 pounds and to corn-fed steers that weigh 1,800 pounds. The justice of this criticism is acknowledged by some of the men, though they hold that the quantity of work does not vary in proportion to the weight of the animal, and that, if the limit is low for canners, it is high for steers, so that the average is fair. The packers cite cases where a floorman is compelled to "kill time" sharpening his knife or strolling along, in order to hold himself down to the union limit of work. There are undoubtedly exceptional men, and nothing is more surprising to the outsider than these wide differences. One man, whose knife slips down the

hide as though he were playing, is turning out twice as much as his comrade, who seems to be a hard worker. Individual splitters have been known to reach as high as 60 cattle an hour, working on canners, at the time when the average was 30; and, of course, when the union sets the limit for each man at 25 an hour, these swift men find spare time on their hands. Taking them as a standard, some of the packers say that the union reduced the output 50 per cent., whereas the reduction below the average might have been 16 to 25 per cent., according to the plant.

After the limit was set, the companies discontinued the "steady-time" men, and placed them all on the hour basis, since their services as pace-makers were no longer useful. This reduction in expense must be considered as a compensation partly offsetting the reduction in work. The steady-time men have opposed the action of the union because their earnings were reduced; but the majority of the skilled men consider the restriction as the main blessing which the union has brought them. For they say that formerly they were speeded up until they were "in a sweat" all day, exhausted at night, and useless after forty years of age; "but now it is a pleasure to work."

In the first written agreement, dated September, 1903, it was agreed that, "in the absence of any skilled man, those doing the same kind of work will attempt to make up the loss in the amount of work caused by such absentee." This was a valuable concession; for otherwise the absence of a floorman would reduce the output of the gang 150 cattle a day, or the absence of a splitter 250 a day, and so on. An offer on the part of one of the companies to pay the time of the absentee to those who made up the loss was declined by resolution of the union, because they feared it would increase absenteeism, and

that the greed of the men would thus urge them on permanently to the former speed.

The artificial limit on output works against the employer in another way, for it prevents economical adjustment of the gang. Two floormen handle 30 cattle, but one splitter handles 25. Hence the foreman must hire two splitters, and set them at other work which could be done by cheaper men; with a loss of time, moreover, in changing work. In the earlier days of the industry the number of men to be assigned to one position was determined by speeding up a man, if possible, to the gait of the gang; but, if he could not keep up, another full man was set to help him. Later the idea was adopted of putting a half-man or a quarter-man to help him; and the rate of pay for the half-time or quarter-time was the rate for that occupation. The significance of this device appears in the contention between the union and the employers over "laying off" men in dull seasons. The custom has always prevailed in all departments of laying off a part of the force for three or four months when work is slack, in order to give nearly full time to the others. In a killing gang the foreman would lay off the lowest ranks of unskilled labor, and set higher paid men to doing a part of the work in the lower paid jobs. This dropping down would be carried through to the highest grades of labor, and in this way half-men, one-third men, and one-quarter men were invented. This led to a crisis at one time, when the union insisted that a 50-cent man, who was put quarter time on a 40-cent job, should receive the higher rate of pay for all his time. The union finally receded; but at a later time by threat of a strike, they stopped the practice itself of laying off men, and succeeded in keeping the gang at full number through the year. This episode illustrates the diametrically opposite points of view of the em-

ployers and the men. The men preferred to have all of their number employed short time during the dull part of the year, and thus to share equally the disadvantages of slack work. The employer considered it better to attach two-thirds of the men to his work by giving them full time through the year; and he pointed out that it was exactly the complaint of short time that gave force to their demands for higher wages. For it was admitted on all sides that the hourly rates of pay, if they could be earned sixty hours a week, would place the butcher workmen in a better position than that of similar grades of labor in other industries. But, in order to do this, they must lay off a large part of the force; and, consequently, when the packer speaks of steady work, he does not take into account those laid off: it is steady for the others. The union, however, includes all the workmen; and, from their standpoint, steady time cannot be secured except by a different distribution of the work through the year,—a thing apparently impossible in a seasonal industry like slaughtering.

Notwithstanding this policy of laying off men, the companies have never been able to furnish full time, even for those who are not laid off. In the killing gangs, for instance, the man who makes full time in December makes only two-fifths to three-fifths time from February to July. Taking it altogether, such a man, regularly employed through the year, has averaged in years past 35 to 46 hours of work per week. This is shown by the following table of hours and wages of the highest-paid labor in the cattle-killing gangs, showing the earnings of a splitter or floorman who "made killing time"; *i.e.*, worked practically all the time when a certain gang was working. All of the time lost by sickness, accident, or other ground of absence, has been added, so that the table shows the full time of the gang, not the full time of any one man

in the gang. The table represents the 25 or 30 men, in an establishment of 5,000, who could have earned the highest possible wages for men paid by the hour.

Wages of Splitter or Floorman (1888-1904).

Year.	Rate of wages per hour.	Average number of hours per week.	Average earnings per week.	Per cent. of possible time and earnings.
1888	\$0.40	41	\$16.24	68.0
1889	.40	39	15.86	65.0
1890	.40	46	18.46	76.6
1891	.45	39	17.69	65.0
1892	.45	43	19.48	71.6
1893	{ .45 (7 mo.) } { .40 (5 mo.) }	40	16.66	66.6
1894	.40	37	14.72	61.6
1895	.40	37	14.99	61.6
1896	.40	35	14.20	58.3
1897	.40	35	14.11	58.3
1898	.40	36	14.33	60.0
1899	{ .40 (9 mo.) } { .45 (3 mo.) }	42	16.60	70.
1900	.45	38	16.15	63.3
1901	.45	46	21.00	76.6
1902	{ .45 (8 mo.) } { .47½ (4 mo.) }	46	21.70	76.6
1903	{ .47½ (9 mo.) } { .50 (3 mo.) }	42	20.02	70.0
1904 ¹	.50	34	17.16	56.6

The table shows that the rate of wages per hour, beginning at 40 cents, was raised to 45 cents during the years 1891, 1892, 1893, then reduced to 40 cents until 1899, then again raised to 45 cents, and that two advances, to 47½ cents in 1902 and 50 cents in 1903, were secured by the union. Similar changes were made in the rates for other skilled positions.

It will be seen that the average weekly earnings of this highest skilled workman who had a "steady job," though not "steady time," since he was paid by the hour, have varied from \$14.11 in 1897 to \$21.70 in 1902, and that the

¹Six months, slack season.

average number of hours per week varied from 35 to 46, so that the time actually worked and the wages actually earned varied from 58.3 per cent. to 76.6 per cent. of possible time and earnings on the basis of 60 hours per week.

Taking this position as a standard, it will be seen that the average weekly earnings of the men in the same gang getting 20 cents an hour have ranged from \$5.64 in 1897 to \$8.68 in 1902, while the men getting 16½ cents an hour have ranged from \$4.65 to \$7.16. These earnings are for men who have been kept on the force throughout the year, and not laid off by slack work, sickness, or other cause. Evidently, the average earnings of the men who were laid off for three or four months have been still lower, unless they have found work in other industries.

✓ After the strike of 1886 the packers introduced what was known as "the contract system"; i.e., a contract to work, signed by each workman, authorizing the company to keep back ten days' pay and requiring the workman to give two weeks' notice of withdrawal. This practice continued until 1901, when the cattle butchers, irritated by the hardships of a man who was refused his deposit when his child was sick, made a demand; and the system was abolished throughout the industry, and all of the deposits were returned.

✓ Perhaps the most remarkable gain secured by the cattle butchers' union, and one that was shared by all the others, was the adoption of regular hours of work. Cattle reach the stock yards during the night, and are purchased by the packers early in the morning. Seldom, however, can they be driven over the chutes and delivered on the killing floors before nine o'clock, and often not until ten or eleven o'clock. Furthermore, it was always held that they could not be kept over night, and must all be killed on the day of arrival, since the charges

of the stock-yard company for holding over night are 50 cents a head. Consequently, the men would report in the morning between seven and nine o'clock, as notified the night before. If the cattle were on hand, they began work. If the cattle were not yet ready, after waiting awhile, a notice would be posted to begin work at ten, eleven, or twelve o'clock, as the case might be. The men received no pay for the time spent in waiting; and then they would be required to work often until late at night, in order to dispose of the day's arrivals. It was nearly two years after the union was organized before it felt strong enough to take up this matter. A strike was threatened, but finally a conference was secured with a leading packer. The union spokesman told him of these hardships, compared their position with his own, in that they never knew beforehand when their work would begin or be done, while he could finish up his day's work and go home. The packer only replied that he had never known that such conditions existed. From the date of that interview, although no promises were made, overtime has been abolished for the cattle butchers in all the establishments. The men begin regularly at seven o'clock, and work until the day's killing is done, and go home not later than 5.30 P.M. If, after ten hours' work, there are cattle left over, they are held until the next morning. That a union had to be organized and threaten a strike in order that the owner of the business might learn of conditions of which his own conscience promptly disapproved is a fact full of meaning for all who are disturbed by the modern unrest of labor.

The union also secured four of the legal holidays which they had never enjoyed before, and these were shared by the other departments.

The cattle butchers devoted much time to perfecting a line of promotion, which they say shall be "according

to superiority and oldest men to receive promotions." By "superiority" is evidently meant "seniority." This is designed to prevent favoritism on the part of the foremen, to prevent the introduction of outsiders in the lower positions and then "jumping them over the heads" of the older men, to diminish jealousy, and to maintain the feeling of equity and comradeship necessary among the members of a union. These rules of promotion do not find favor with the superintendents, who contend that forced promotion often takes a man away from work that he does well and gives him a position which he may not be able to hold. Neatness and superior quality of workmanship are natural to some men, and never acquired by others; and, if the foreman is required by reason of seniority to promote an awkward man to a position where he may damage the hide 70 cents or retard the sale of the carcass, then the gang as a whole suffers. The antagonism at this point shows clearly the nature of the conflict between capital and labor,—a conflict irrepressible, as proved by the strike.

We may proceed now to other groups of laborers.

In a gang of sheep butchers the pace is set by the "pelter," who loosens the hide so that it can be pulled off without tearing the "fell," or mucous covering, and by the "setter," who starts the carcass on the trolley. One pelter and one setter in a gang were formerly steady-time men, and the pelter's speed had been pushed up to 60 and even 75 an hour. The union, which was organized a year after that of the cattle butchers, set the limit at 40 per hour, and later by an agreement with the firms raised it to 46½; and the companies placed all the steady-time men on the hourly basis. The speed of other positions was reduced proportionately; that is, a reduction of 30 or 50 per cent., according as it is measured by the average speed or by the speed of the swiftest men.

Irregular time was a grievance even more serious with the sheep butchers than with the cattle butchers. There are some 12 styles of dressing mutton, according to the locality of the market,—“Alleghenys,” “Bostons,” “New Yorks,” and so on. The packer must wait each morning for orders from different parts of the country before he can decide the styles and quantities of work for the day. This compelled the men to wait sometimes until two o'clock in the afternoon, and to go home late at night. They finally refused to work after 5.30 P.M. under any conditions, the reason being that they could have got out the work if they had begun at seven o'clock. When the union was first organized, one of the packers discharged several of the members; but, after a threat to strike by the international union, they were reinstated.

In the hog-killing and pork-cutting departments the local union was organized at the same time as that of the sheep butchers; but in these departments a limit has not been placed on the amount of work. A larger number of mechanical contrivances are used than is the case on the other killing floors, such as a huge wheel for hoisting the shackled hog, a scraping machine to take off the hair, and a trolley on which the carcass is hooked and passed from one worker to the next. The pace-setters are the sticker, the scalding, the hooker-on, the splitter, and the chopper, the latter being in the pork-cutting room; and, since the union has not set a limit on the amount of work, these positions have continued on “steady time.” The proposed scale, as submitted in 1904, for the first time set a limit in this department; and, had this scale been adopted, the scalding, for example, would have been restricted to 500 hogs an hour, and his wages placed at 40 cents an hour instead of “steady time.”

In this department the seasonal character of the work is more marked than in sheep and cattle killing; but there

is, of course, a great improvement over the period preceding refrigeration, when hogs were killed and packed only in the winter months. On account of the very irregular supply of animals the union has not attempted to keep the gang at full force, but it has tried to establish the rule that "the last man hired is the first laid off; and, when the gang is increased, the oldest man with the house shall be hired first."

The sausage department has the credit of furnishing steadier work than other departments. The union of sausage makers, composed mainly of Germans, had a checkered and disastrous career. They imitated the cattle and sheep butchers in demanding a minimum pay for their gang; but they went further, and applied the minimum of 18½ cents to all common labor. This they supported in 1903 by a strike in violation of their agreement. Their union had reached a membership of 1,300; but they found that the unskilled laborers receiving less than 18½ cents an hour could not appreciate the advantages of the union, and would not pay their dues. Since the strike was "illegal," the Amalgamated refused to support them, and the packers filled their places. When the agreements expired in 1904, it was this demand of the sausage makers, applied to all departments, that the Amalgamated took up, and lost in the strike.

In the sausage department piece-work prevails more than elsewhere, except in the canning department. The rates are based on the thousand pounds of sausage. The piece-work system was introduced in 1891 in stuffing sausages by machinery, and up to the time of the union organization in 1902 the rates and practices were such that the best man in the best year could earn a yearly average of \$12 a week, ranging from \$8 to \$16 in different parts of the year. In other years he earned less. In some cases, piece-rates had been reduced; and in 1899,

without an organization, a strike forced an increase of 10 per cent. in certain bologna prices that had been reduced 20 per cent. After the union was organized in 1902, other rates were increased.

A peculiar feature of the piece-work system in pork sausages, as distinguished from bologna sausages, is the limitation of earnings per hour through the substitution of inferior casings when the men's earnings exceed a certain amount. In first-class casings, without "leaks," 20 feet can be filled at one expulsion of the steam stuffer; but on second and third class casings the workman must tie the casings wherever a leak appears, and this reduces the number of pounds of sausage to his credit. Since the superintendent is charged with the cost of material and labor, and is credited with the value of the product, sometimes getting a bonus on the margin, it is to his interest to get not only a low labor cost, but also a low cost of the expensive casings, a considerable part of which is purchased in the open market. He, therefore, watches his opportunity to substitute second and third class casings for first class. At what point it is safe to do this depends on the point of hourly earnings below which the workmen will resist, which was found to be the rate of about 27 cents an hour. He refrained from cutting the piece-rates, as he had done in the case of bolognas; and, since the rates are the same for all classes of casings, he contented himself with putting slower work on the men by substituting inferior casings. This might require the men to work overtime in busy seasons to get out the product. Consequently, when in 1902 the union enforced its demand for a one and a half piece-rate on all work done after a ten-hour day, the superintendent in the next busy season furnished first-class casings, and permitted the men to earn 35 to 36 cents an hour.

Women and girls have been taking the places of men

in this department during the past five or six years, a peculiar instance being that of trimming meat from the bones and tying casings, where formerly older men, who were kept as a sort of pensioners, have given way to girls, who work much faster. The strike of 1903 opened a place for Slav women to take the places of German men.

The beef "luggers" are one of the most interesting specialties of this most highly specialized industry. They are the powerful men who load the sides of beef into the cars. There are but 60 of them in the yards; but they have taken into their organization the cooler hands and truckers who work with them. Prior to 1891 the luggers were paid 28 cents an hour, and earned \$8 to \$10 a week. They work irregular hours, beginning at two to four o'clock in the morning, and working only when the cars are switched in place. In 1891, on account of irregular hours, they asked for weekly wages, and in place of 28 cents an hour secured \$12.50 a week, without an organization. In 1892 they again asked an advance, and received \$15 for a week of 54 hours. In 1902, after they had formed the Beef Carriers' and Helpers' Local, they got \$17, and their demands for 1904 were for \$18.50. At \$17, "steady time," their yearly earnings were nearly as high as those of the splitter or floorman, who is paid 50 cents an hour "killing time." The luggers also reduced the amount of their work, so that where 5 or 6 men loaded 60 to 70 cars a day, which, in their own words, "certainly was slavery, as any one who understands the work will admit," it thereafter required 8 men to load 60 cars. However, in the fall of 1903, after four men in a house had been making up work for a fifth member of the gang who was sick a month, the firm reduced the number permanently to four. The luggers went out on strike; but, not being supported by the Amalgamated organization, they lost.

The number of women employed in the industry in 1890 was 990, or 2.2 per cent. of the total number of employees. This was increased by 1900 to 2,954, or 4.3 per cent. In Illinois the number is put at 1,473, or 5.3 per cent. This proportion has undoubtedly been increased since the last census year; and it is generally stated that the number of women employees in Chicago alone is 2,000, or about 9 per cent. of all employees. This increase has come about partly through the introduction of foreign-born women in the sausage department and meat-trimming rooms at times when the men went on strike. Prior to that time, women were not employed in the large establishments at work where the knife is used, their work being principally painting and labelling cans, soldering and stuffing cans, sewing up ends of bags, packing chipped beef, packing and wrapping butterine.

The majority of the women and girls are paid by the piece; and the Illinois Bureau of Statistics in 1892 showed that piece workers earned from \$3.58 to \$11.57 per week of 60 hours, the average being \$6.78. At that time, girls paid by the week of 60 hours earned \$4 to \$8.25, the bulk of employment per year ranging from 35 to 40 weeks. Weekly rates were gradually equalized until in 1902 the prevailing rates of pay were \$4.50 to \$5.50. Much the larger number of women work at piece-rates, and these were gradually reduced as the girls acquired greater speed, until in 1900, prior to the organization of the men and without any organization on their own part, the girls in one of the largest canning establishments went on strike against a further cut in rates. At that time the swiftest girl, who one year later died of consumption and overwork, was said to be able to earn \$20. This girl, whose high earnings had tempted the company to cut the rates, joined with others of Irish-American stock, and led the strike; and, when they were defeated by the introduction

of foreign-born women, they found themselves black-listed by the other large companies. Nine of them brought suit against the four leading companies for \$50,000 damages; but the suits were decided in May and June, 1901, on demurrer in favor of the packers. The court declared¹ that "the defendants agreed not to re-employ those who went out upon a strike. This they had a right to do. According to the allegations of the girls' declarations, the purpose for making this agreement was bad, because by such agreement the plaintiff cannot get employment at her trade, and is thus injured. This gives her no right of action, for a bad motive does not make a lawful deed actionable." The court also intimated that a union was judged by the same standard. "The right of union laborers to quit work or to refuse to work where non-union men are employed is established beyond controversy, and that without reference to how pitiful the consequences may be to him who is thus deprived of an opportunity to earn bread for himself and family."

This decision had undoubtedly an effect upon the men and women in the stock yards in determining them during the next two years quietly and thoroughly to organize the whole industry. The men began to organize in June, 1900, four months after the girls' strike, and several departments were organized by the men before, in March, 1902, a women's local was chartered with 14 members. The initiative was taken by the Head Worker of the University of Chicago Settlement, who had noted the exclusion of the women from the men's locals. It was decided to organize the women of all departments in one local, although the men were organized by departments. In this way the women secure representation in the Packing Trades Council and in the conventions, whereas they would be outvoted, were they to be distributed among the de-

¹Chicago papers, June 11, 1901. The court was not a court of record.

partment organizations. Since the scales of wages and work are agreed upon by these superior bodies before they can be submitted to the packers, the girls have a voice through their own delegates in formulating them, which they would not have, were they organized by departments.

An interesting illustration of this influence is seen in the compromise agreed upon at the Cincinnati Convention in 1904, respecting the employment and wages of women in the sausage departments. It was in this department that Slav women had been employed in place of Germans out on strike, as described above; and the men afterwards insisted that in the new agreement the women should be discharged. But the girl delegates opposed this demand, even though the women were not members of the union; and, finally, it was agreed that the union should demand that women be paid the same wages as men. This concession to the girl delegates was not faithfully carried out; and the scale, as actually submitted in May, provided for "abolition of women labor in the sausage departments." But the original compromise is significant as showing the standards which the union women were willing to have applied to women's work. These standards were also adopted for all other girls working in those occupations which had been recognized as "women's work," where they were not paid by the piece; and the demands there were the same as for the men,—namely, a minimum of 20 cents an hour. This would have amounted to an increase of 100 per cent., since girls paid by the week receive 9 cents and 10 cents an hour, whereas the increase for the lowest-paid men, bringing them up to the same minimum, would have been only 10 to 15 per cent. Even the compromise offer of 18½ cents an hour would have raised the girls 85 per cent. These standards were agreed to by the girls in full view of the fact that, at the same rates

of pay (except in piece-work), the women would probably be displaced by men.

Immediately following the organization of the women's local, all the charter members, to the number of 14, were discharged; but in the course of the year, with the assistance of the men's locals, they reached a membership of 1,200. It has never been possible for them to bring into their union the non-English speaking women, many of whom are married. But they secured practically all the Irish-American, German-American, and Polish-American girls; and this gave them entire control of some departments where only such happened to be employed. They elected their own business agent, secured reinstatement of several members who had been discharged for union activity (though not their president and secretary), gained advances in some of the piece-rates, and advances of 50 cents to \$2 in weekly rates. The normal rate paid now to these American girls is \$5 for beginners, rising to \$6 with experience. In one department, for example, employing 62 American-born girls, there are only 8 who get as high as \$6 a week. Here the girls begin at \$5 at sixteen or seventeen years of age. Very few work more than three years, the majority leaving within that period, usually for marriage. Numbers of Slav women return to work after marriage, but this is not the case with the American-born. Bohemian women and girls are increasing in number more rapidly than other nationalities, with the Poles and Lithuanians next; and they are doing heavy and disagreeable work, such as stuffing cans and trimming meat, where in many cases they have displaced men.

A significant fact in the history of the women's local is that, though they are the only class of labor generally employed at piece-work, and though such a method of payment had led them to serious over-exertion, they

have yet made no efforts to limit the amount of work, some of which, especially in the can-making departments, depends on the speed of the machine. It seems that for the few years during which most of the girls expect to work in the industry they choose to overlook the strain of excessive speed, which to the men, as they grow older, becomes the greatest of all their grievances. The girls feel like working to their utmost for a period, in order to save up a sum of money, and quit the work for a home of their own.

The number of children under sixteen years of age employed in the industry was 700 in 1890. This had been increased in 1900 to 1,651, or $2\frac{1}{2}$ per cent. of all employees. The number in Illinois was 596, or 2.28 per cent. The intermittent work of the packing houses fosters in the children unsteady habits, and even the most industrious workmen trained in this school dislike more than four days' work in the week. The probation officer of the juvenile court strongly urges the boys and girls under suspended sentence not to work in the stock yards, and endeavors to find other jobs for them. The parochial schools of the neighborhood have been defective after the third or fourth grades; and in the Slovak school none of the teachers speak English, while the Polish school has but recently introduced English. The capacity of the public schools has been inadequate, though lately it has been increased. Since the census year (1900) the compulsory school law has been strengthened by amendments to the child labor law, largely through the efforts of the butcher workmen's organizations, which sent a delegation to Springfield in behalf of the proposed law. Many of the men and women now working in the yards began at eleven or twelve years of age; but by the new law the work of children under fourteen years is prohibited, and the work of those under sixteen is limited

to eight hours per day. An age and school certificate, showing ability to read and write, is required from the health and school authorities for those under sixteen; and each establishment is required to keep posted in a conspicuous place a list of all children employed and the hours of beginning and quitting work. The enforcement of this law is intrusted to the State factory inspector and his deputies; and, after sixty convictions secured against some of the packers, certain firms have gone so far as to issue orders to their foremen not to employ children under sixteen, though permitted to do so by law. The short-time clause makes the services of children undesirable, except in the offices as messenger boys, where the entire force works but eight hours. The companies usually require an affidavit from children above sixteen as a measure of protection, although an affidavit is not required by law. The union does not admit persons under sixteen years of age. Viewed as a piece of legislation to exclude children under fourteen years of age, the law is effective.

✓ The foregoing are departments of peculiar interest in the industry. The others are composed mainly of unskilled labor, as will be seen from the large proportion of those whose wages are less than 20 cents an hour, such as the oleo workers and glue workers, 95 per cent., wool workers, 70 per cent., and so on. Taking the industry as a whole, it is maintained by the union statisticians that one-quarter of the employees eligible to membership received less than 18½ cents per hour. The packers assert that the proportion was only 6 per cent. It was on behalf of this 25 per cent. that the skilled workmen lost eight weeks work and jeopardized their jobs, and on behalf of this 6 per cent. that the packers lost several million dollars.

The motives on the part of the strikers were partly

sentimental, partly for self-preservation. The sentimental side appealed to the public, and was strongly emphasized. But there was also a profound self-interest involved, in that, through the minute division of labor, promotion from the lower ranks can be made without much training. The packers contended that in the case of the unskilled the law of supply and demand, with its market rate of wages, could not be overruled; and they pointed to the 3,000 to 5,000 transient laborers who gathered every morning at seven o'clock at the several time-keeping stations, asking for work, when not one-tenth of their number could be employed. It was not a question of ability to pay the minimum asked; for the five packing companies controlled the bulk of the business, and through favorable freight rates, their own car lines, utilization of by-products, and minute division of labor, their position was more favorable than that of the "independents," who did not have these advantages, and yet were paying the wages asked for. The packers proposed to reduce the minimum pay of men in the killing, cutting, casing and beef-loading departments to $17\frac{1}{2}$ cents an hour, a reduction of 1 cent. All other classes of unskilled labor were to be left "open" without a wage scale, by which transient labor might be paid as low as $16\frac{1}{2}$ cents. A minimum wage of $18\frac{1}{2}$ cents was more than such inexperienced labor was worth. It was necessary to have this floating supply only in order to fill the places of absentees, so that the gangs might not suffer. But the union contended that, when once employed at $16\frac{1}{2}$ cents an hour, those who were getting $18\frac{1}{2}$ cents would be discharged; and there were known enough cases of men at $18\frac{1}{2}$ cents being discharged and rehired at $16\frac{1}{2}$ cents to convince them that such would happen all along the line. After the strike the packers reduced large classes of their regular unskilled labor 1 and 2 cents an hour.

✓ The demand for a minimum wage above the market rate was also necessary to the permanency of the union, since it had been found that those who received only market wages refused to pay dues. It is true that nearly all of them came out on strike with the others; but it was the union theory that, if a minimum of $18\frac{1}{2}$ cents could be established, the companies could not then afford to employ transient labor, which was worth only $16\frac{1}{2}$ cents, and therefore better men would seek these positions, and union men would be preferred by the employers to non-union men. This was in lieu of a demand for the "closed shop," for which none of the unions had asked, but which the skilled men had secured in practice, as is shown by the agreement of the cattle butchers that, in the absence of any skilled man, those doing the same kind of work would attempt to make up the loss. A minimum wage would have lessened the number of transient laborers employed, and would have made the position of union laborers steadier through the year. The importance of this factor is seen by consulting the census¹ of 1900, which shows that, in the industry as a whole, the greatest number employed at any one time during the year was 81,416, and the least number employed at any one time 57,119. In other words, 30 per cent. of the employees are unemployed in the slack season. This proportion agrees with that of one of the largest houses in Chicago, whose employees number about 4,000 in the slack season, and 6,000 in the busy season. If practically one-third of the employees are laid off, then, of course, there is a wide opening for new men, unless blocked by the "closed shop" or obstructed by the minimum wage. The employers, as compensation for reduction in hourly rates of pay, have promised to make work steadier, so that the yearly earnings will be larger. They began during the

¹Vol. ix. p. 398.

strike by enlisting the aid of the commission men, and by sending thousands of circulars to cattle raisers and shippers, urging a better distribution of their shipments through the week. The custom has long existed of shipping live stock on Saturday and Sunday, so that the arrivals of cattle during a typical week would be 30,000 on Monday, 8,000 on Tuesday, 30,000 on Wednesday, dwindling to 200 on Saturday. If the shippers were organized, this appeal might be effective; but there is at present no certainty of its results. And, even if shipments were equalized through the week, this would not remedy the more serious inequality in distribution through the year, since live stock is a seasonal product following grass and corn.

✓ Perhaps the fact of greatest social significance is that the strike of 1904 was not merely a strike of skilled labor for the unskilled, but was a strike of Americanized Irish, Germans, and Bohemians in behalf of Slovaks, Poles, Lithuanians, and negroes. The strike was defeated by bringing in men from the companies' own branch houses for the skilled occupations and negroes and Greeks for the unskilled occupations.

This substitution of races has been a continuing process for twenty years. At the time of the strike of 1886 the men were American, Irish, and German; and the strike was defeated by splitting their forces rather than by introducing new nationalities. After that date the Bohemians entered in large numbers, although a few of them had begun work as early as 1882. Bohemians have worked their way forward until, of the 24 men getting 50 cents an hour in two of the cattle-killing gangs, 12 are Bohemians, and the others are German, Irish, and American. The Bohemian is considered to be the coming man in the business. The Americans as wage-earners

have practically been driven out of the stock yards, and are being followed by the Irish and Germans. Those who have accumulated money leave for something more certain. The Germans are held mainly by the large number of homes they have purchased in the neighborhood; and this has seemed to be the future of the Bohemians and Poles, who have been purchasing homes for several years, and of the Slovaks and Lithuanians, who have begun during the past two years. The feeling of security since the union was established three years ago has stimulated the tendency to home ownership among all these nationalities, although as yet there are many Slovaks and Lithuanians who return with their savings to their native land. The Irish show wide diversities of character, noticeable in contrast with the uniformity of other races. In general there is a rising class and a degenerating class. Neither class shows any inclination towards home ownership. But the Irish of the rising class have a much stronger desire than the Germans or Bohemians to educate their children rather than put them to work. This class of Irish have been leaving the industry, except as held back by a foremanship or skilled trade or by a salaried position in the union, of which they have been the aggressive organizers and leaders. With the defeat of the union, doubtless many more of them will leave. The other class,—the degenerating Irish,—displaced by the Slav, have become casual laborers, without definite place in any industry.

The older nationalities have already disappeared from the unskilled occupations, most of which now are entirely manned by Slovaks, Poles, and Lithuanians. The Poles began to appear at about the same time as the Bohemians, though not in as large numbers; and they have not advanced in the same proportion. The Slovaks and Lithuanians were first seen in 1899. One Slovak who has

been in the yards ten years has worked himself up to a 50-cent job; but he is exceptional, and these two races have as yet only shared with the negroes the unskilled positions. The negroes first came during the strike of 1894, when many were imported from the South and large cities. An intense race hatred sprang up among the Americans and Europeans, who thought the negroes were favored by the employers; and this seemed to be leading to a race war. The conflict was averted by the union, which admitted the negroes on equal terms with the whites. This hatred has been renewed during the recent strike, when several thousand negroes were again imported. Notwithstanding the alleged favoritism towards the negroes, they have not advanced to the skilled positions, mainly because they dislike the long apprenticeship and steady work at low pay which lead to such positions. As strike breakers, they were attracted by the easy work, free board and lodging, and wages of \$2.25 a day instead of the \$1.85 asked by the union; but in times of peace they are not steady workers at the low wages of the Slav.

Italians have never found a place in the trade; and the experience of the Greeks, who first appeared in 1904, has been curious. Several hundred Greeks in Chicago have established themselves as fruit dealers. When 300 of their countrymen, recently landed from Macedonia, entered the yards, these storekeepers were boycotted, and several of them bankrupted. Through the Greek consul and the Greek priest the merchants endeavored to persuade the Greeks to withdraw from the yards; but they did not leave until the strike was settled, and then they went in a body to another part of the country.

It will be seen that the mingling of races in the stock yards is similar to that in other large American industries, and the problem is a trying one both for the civic neighborhood and for the union organizers. Unlike the

union in 1886 under the Knights of Labor, the present organization sprang from the butcher workmen themselves: the former had been officered from without. In the union meetings the speeches are translated often into three or four languages, and much trouble has been occasioned by dishonest or prejudiced interpreters, though with experience these are weeded out. The races are brought together; and, where four years ago scarcely a Polish, Slovak, or Lithuanian family had a member who could speak or understand English, now nearly all have each at least one such member. Race conflicts were infrequent because the races were kept apart by language, distrust, and the influence of the priests; but there were frequent factional fights between religious societies of the same race, especially among the Poles, each society having its own patron saint. There were also many arrests for drunkenness, wife-beating, and neighborhood quarrels. Curiously enough, these disorderly acts dropped off entirely from the date when the strike took effect, and the arrests fell off 90 per cent. The strike continued eight weeks, and the police inspector in charge of the district is reported as saying: "The leaders are to be congratulated for conducting the most peaceful strike Chicago has ever had. Compared with other big strikes, such as the railroad strike of 1894, the teamsters' strike of 1902, or the stock-yards strike of 1886, there was no violence."

The substitution of races has evidently run along the line of lower standards of living. The latest arrivals, the Lithuanians and Slovaks, are probably the most oppressed of the peasants of Europe; and 18 cents for a day of 12 or 14 hours in the Carpathian foot-hills becomes 18 cents an hour in the stock yards. Even with only four days work a week the Slovak's position is greatly improved; for in Uhrosko he had no work in winter. Yet his improved position shows itself, not in more expensive living,

but in fabulous savings gained by packing sometimes as many as 12 persons in 3 rooms, taking in boarders, and sending his children to work. The new arrivals of this class of labor swell the ranks of the thousands waiting at the packing-house gates every morning, and to them there is little difference between 18 cents and 16 cents an hour. Yet it is most remarkable that those already on the ground came out with the union, and did not go back until the strike was declared off.

It is not surprising that, with wage conditions, racial elements, and former grievances such as they were, the union, when it acquired power, should have carried a high hand. Besides the restrictions themselves, the manner in which they were enforced was irritating. Every department or division had its "house committee" of 3 stewards, who often acted as if they had more authority than the foreman or superintendent; and frequently, when a union rule was violated, they stopped the work "in the middle of the game." When it is stated that the superintendent of one of the largest firms had to deal with 120 of these committees, it need create no surprise to learn that he felt relieved when the strike came. The principal grievance was the violation of their own constitution and agreements, which forbade locals or house committees to stop work and required all matters to be referred to higher officers for settlement with the company. The rank and file and the lower officers were insubordinate. Yet the superintendents observed that the unions, as they gained experience, were electing more conservative leaders and that petty troubles were being more easily handled. This encouraging prospect for the union was blighted by the blunder and disaster of the strike.

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ENGLISH CUSTOMARY TENURE IN THE TUDOR PERIOD.

I. *Russian Interest in English Agrarian History.*

AN American or an English student who publishes the results of his studies on English agrarian history need make no long introductory remarks; but a Russian studying the rural changes of the Tudor period should perhaps explain the ground of his interest in the subject. He may seem to be working at a great disadvantage. He does not possess the local knowledge which makes antiquarian research so much easier for many English scholars. He does not breathe the happy atmosphere of the common law. He is not accustomed either to great wealth or to intense economic intercourse. Therefore, he is apt to err in his *Rückschlüsse* from the present conditions of English life.

But, if he long remains a stranger in a London street and in a Lancashire mill of to-day, he may feel himself more at home amidst the open fields and lonely wastes of a Tudor manor. The contemporary Russian village retains many traits which may seem archaic to a Western eye. Yet the Russian rural conditions of to-day are by no means identical with those of the Tudor period. During the last three centuries we have, in our own manner, passed through an evolution analogous to that of the happier Western peoples. When our so-called patriotic journalists are extolling the freshness of the race unspoiled by Western civilization, they suffer from a short-sighted delusion, unless they be guilty of hypocrisy. We were included in the community of

Christian nations no later than the Scandinavians. We had feudal institutions of our own at the same time with the French and the English. The political unification of the huge Muscovite czardom and the formation of the Great Russian nationality had been brought to an end perhaps before the corresponding events took place in the France of the Valois or of the Bourbons. As to the development of the bureaucratic autocracy, we may claim the dubious honor of priority over some Western societies. The enlightened despotism of the eighteenth century numbers two Russian monarchs among its most illustrious representatives. During the last century, at least, the upper classes of Russian society were eagerly imbibing all the streams and rivulets of Western thought and belief. A cultivated Russian of to-day is in his ideas not behind a cultivated American or Englishman. I am afraid, he too often,—and hardly to his own advantage,—is some steps in advance of the latter. We may be a backward nation: we are not a virgin soil. Not a childish innocence, but causes far deeper and gloomier, are lying at the root of our numerous and conspicuous shortcomings. We have listened to the instructive lessons of European history. We have not yet been able to master them, and to profit by them as we ought.

However, the capital fact remains. Taken as a whole, the present conditions of Russian life, though perhaps concealing a great future, are much behind those of Western Europe and of the United States. A foreign observer, especially at the present moment, grasps more easily the political and military side of the situation. For a Russian the economic and social aspects of the question are even more ominous. Is it not futile to expect real political progress and solid military strength from a country where, for a large majority, the economic

standard of life is very low, and where the "masses" for the most part live in scattered villages, hardly conscious of their own collective interests, not to speak of higher national aims and ideals?

A foreigner here, again, must be on his guard against excessive simplification of Russian economic conditions, which are no longer primitive and rudimentary. We have our railroads and banks, as well as great factories, though they are few in comparison with the West. There is plenty of *Hausindustrie* in the villages. Our minister of finance has at his disposal a large staff of trained officials, and our budget is the greatest of the world. Our sugar distillers have thoroughly studied the art of trust-forming and of dumping. But do the just mentioned concomitants of an advanced society penetrate deeply enough into the daily life to put their definite stamp on the whole national economy? In spite of the rapid growth of manufacturing concerns and mining enterprises, agriculture of a raw type remains the staple national industry. Peasant proprietors have in their hands about two-fifths of the whole territory. They cultivate on their own behalf much more than that, because they hold under leases a considerable part of the land which belongs to the state and to the nobles. With few exceptions they practise still the three-field system. Among the peasants communal property prevails over individual ownership. The holdings still consist of narrow strips scattered over numerous shots of the open fields; and periodical redivisions of the whole arable, though becoming rarer, are by no means unknown. The land laws of the Russian empire do not apply to the peasant communal soil. Succession in land, alienation of land, complicated relations between communal and individual, or rather family, rights in land, are regulated by the local unwritten custom, which is supposed to guide the village moot

and the district court, where a few elected peasants act as assessors and judges, now, however, under the strong influence of officials nominated by the government from amongst the local gentry. Every Russian of average intelligence, who lives in the country or spends there his holidays, without any effort of historical research and imagination, learns from immediate observation and daily intercourse the essential features of the mediæval economic system. Perhaps I may be right in describing this as an advantage for a student of English agrarian history.

And the legislators have taken care that this state of things should last as long as possible. The government, not without good reason of its own, considers the existence of a numerous class of peasant proprietors as a necessary condition of a sound autocratic and bureaucratic régime. Therefore, inalienability of communal land to non-members of the local peasant community is a settled principle of policy in our land laws.

But the Russian legislators are not all-powerful. They do their best to prevent radical innovations in the village of to-day, yet they are helpless to achieve their end. Some still stronger forces are at work; and, in the opinion of every conscientious observer, important changes are going on in our country life. The more conspicuous changes took place and are still proceeding on the land belonging to the nobles. Since the emancipation of the serfs, the nobility, as a whole, has lost a considerable part of its landed property, which has passed partly into the hands of the peasants, but chiefly into those of a new middle class of very mixed composition: (1) bankers, great merchants, and manufacturers; (2) professional people of all kinds, many of them officials; (3) small merchants, well-to-do artisans, publicans. And the land that remained with the nobles has often changed its proprie-

tor. The small country gentlemen, whose own resources are insufficient, and who humbly apply to an influential official or court favorite for a lucrative office in the local government, for a gratuitous education of their children in the privileged state schools, for an additional mortgage loan at low interest in the nobility state bank, these were and are still the representatives of state power in the country life, being a handy tool and a docile instrument of governmental policy. But they are decreasing in numbers and giving way to nobles of a more independent type. The noble estates are becoming concentrated in the hands of well-to-do gentlemen farmers, who understand very well how to manage their budget and to make the utmost profit out of their land, or else these estates are kept by the very rich magnates, who stand near the court, and are wont to give orders, not to receive them.

The changes in the peasant households, perhaps less on the surface, are hardly less significant. For a long time the cultivated Russians, though they could not deny the great poverty of their peasants, thought honestly and with a certain pride that the sad picture had its good side, and that Western pauperism was unknown on Russian soil. They could retort that vastness of territory, comparative scarcity of population, prevalence of communal property, with its equal distribution of land, allowed the average peasant family to have its own holding and farming stock, and guaranteed to the great majority of population at least the necessary minimum of existence and the happiness of economic independence. Whatever be the applicability of that opinion to the past, almost all observers agree that the situation of to-day is much different. The peasant population grows much faster than the area of landed property in the hands of the peasants. The methods of peasant farm-

ing are, undoubtedly, improving in some localities, but in very many cases they remain stationary; and, where they are improving, it is only at a slow pace, which cannot satisfy the demand for agricultural produce, or rather for money which can be realized for it. The peasants are thirsting for land; and there has been a most remarkable rise in prices of land, especially in recent years. Where the peasants cannot buy the land, they are taking it on leases in the neighborhood; and, under the pressure of economic necessity, they are willing to pay high or even enormous rents. The area of peasant leaseholds is already very considerable, and it has a tendency to increase. The moujik becomes at the same time landed proprietor and leaseholder. And the leaseholder is of the unhappiest kind, as his leasehold interest is precarious in the highest degree. The state of the Russian law concerning land leases is very unsatisfactory, partly because the growth of leases is a new departure in our economic history, partly because every serious attempt to deal with the question is likely to sow discontent in the influential class, which is receiving rents and not paying them.

Even on his own land the peasant is often threatened with the loss of economic independence. With every year he is brought more and more under the influence of the money economy. Taxation is perhaps the chief compelling force in this direction. Then come local rates of different kinds and the leasehold rents. Some old peasant industries, such as home spinning and home weaving, are decaying; some new wants, such as tea or oil light, are gaining ground; and the peasant family must buy for cash what it formerly produced at home. Many families cannot afford to pay all that is demanded from them. They do not become landless paupers at once; but they move, and sometimes move very rapidly, towards

the border of pauperism. They may let the whole of their holding or a part of it to a happier neighbor. They may sell the live stock and the agricultural implements which they can best spare. The number of peasant households, with scanty stock or with no live stock at all has in many places increased in an alarming proportion, especially as a result of the numerous bad crops of the last fifteen years. They may send some members of the family into a town or into a factory, with the expectation that a substantial part of the wages here earned will be sent home to fill the gaps of the family budget. It is often surprising and touching to see how faithfully such hopes are fulfilled. From the poorest districts of Central Russia, tens and hundreds of thousands of peasant artisans (joiners, carpenters, masons, bricklayers, fullers) are going yearly to the richer or money-spending outskirts of the vast empire, and bringing back or sending considerable amounts of cash, which preserve their village households from utter ruin. Even the factory operatives in steady employment do not necessarily lose all connection with their native village. They may regularly send money to their country relatives; and they expect to get an old-age pension in return, in the form of support at home, when, broken by age or disease, they are thrown out from the factory. In a less advanced stage of evolution they leave their place for some weeks during harvest, and return to the country to help their family. Generations will pass before the last "tie between town and village"—which plays such a prominent part in the writings of recent Russian economists—is altogether broken. But it becomes broken at last, and the village feels heavily the separation. When any one loses, some one must gain. While many peasants fall into pauperism, other people rise to prosperity. And it is the number of the normal middle-sized peasant house-

holds that is always on the decrease. A lucky railway contractor on a small scale, a thriving publican (before the introduction of the state monopoly in the liquor trade), a clever middleman dealing in corn, wool, eggs, timber, remaining legally a peasant and member of a peasant community, can find his way to riches, while his neighbors are ruining themselves; and for a village money-lender no other situation can be more desirable. Thus important differences of interests and sentiments arise or multiply in the country life, taking the place of the former equality. Old combinations grow weaker, new social groups spring into existence. The traditional fabric of rural society is undergoing a process of disintegration, and it is exceedingly difficult to foretell or to guess what will be the ultimate result.

The answers to the crucial question concerning the future of the Russian peasantry were widely divergent, but the utmost gravity of the problem itself was seldom denied by anybody. And before attention was diverted from it, before public interest became absorbed in the recrudescence of bilateral political terrorism and in the little-expected war, it was largely the agrarian problem which divided the feeble currents and undercurrents of public opinion. Many well-meaning people could not give up the Slav village community, and continued to believe in the vitality of the old-fashioned peasant. The commoner became idealized. He was endowed with high moral qualities and with a natural bias towards social justice and Christian equality. All evils of rural life came from without, from the harsh pressure of a bad state, from the still worse influence of modern capitalism. If the village could be let alone, it would again return to its lost status of innocence and prosperity. There were also strong partisans of industrial socialism. They considered the traditional agrarian conditions as the chief

stumbling-block to the millennium of the *Zukunftstaat*. The peasant was to be transformed into a factory workman or into an agricultural laborer, in order that political and economic progress might take place. The more enthusiastic upholders of this view foretold the imminent doom of the present rural régime. Moderate people preferred to abhor for a gradual amelioration of the situation. And numerous pessimists despaired of the future of their country, where the rural population was so much behind the age, so insensible of their deprivation of civic rights and political activity.

An educated Russian breathes an air where old or antiquated institutions are mingled with elements of change and uncertainty. Many agrarian topics, which afford a mere antiquarian interest to a Western scholar, convey to a Russian a keen flavor of actuality, and therefore take a stronger hold on him. The views which he will form about the future of the village community, the vitality of the peasant proprietors, the merits of capitalist farming, may regulate in many ways his daily conduct. And, being eager to guess the result of the rural changes going on before his eyes, he looks for some clew to the riddle, wherever he may hope to find it. Thus he comes naturally to the history of more advanced nations, where similar conditions have prevailed in the more or less remote past, but where they gave way to modern arrangements. What have been the causes and the results of the rural revolution in the West? How far has it been of a universal character, and how far can it be avoided or modified in a society living in different circumstances? What has been the balance of good and evil during and after the change? And he resolves to study some points of Western agrarian history, though of a special and technical kind. In my own case it has been the legal history of the English customary tenure.

In the above remarks I have wished to point out some motives of a national kind which may lead a Russian to the study of English agrarian history, and thus to introduce a summary of the contents of a book which appeared last year in Russian, under the title *The English Village of the Tudor Period*.¹ My intention in this work was to trace the legal evolution of copyhold, chiefly during the time of the Tudors, and to determine how far the fate of the English peasant proprietors can be explained by the legal peculiarities of their tenure. During the last twenty years valuable works (some of them, indeed, classical) have created the history of the English feudal peasantry, which, in my opinion, may be considered now as written, at least in its broad outlines. But before the recent publications of Mr. Leadam the agrarian history of the important Tudor period remained an almost untrodden ground. Mr. Leadam did conspicuous service by putting some fundamental questions and by greatly enlarging our stock of trustworthy information. But, with all deference to this scholar, I am bound to confess that I have disagreed with him on many important points where I had to consider either his interpretations of the sources or his general views.

II. *The Villein Pedigree of Copyhold.*

The necessary starting-point of my essay was a study into the origins of copyhold tenure. The general idea of copyhold depends very much on the notion which one has of its pedigree. In this question there is no unanimity of learned opinion. I may point out three different views. Mr. Leadam denies every connection between

¹ Alexander Savine, *Angliyskaya Derevnya v Epokhye Tudorov*, Moscow, 1903, xiii, +485. Since Dr. Savine's valuable work in its Russian form is inaccessible to many students, we are glad to present the author's summary of the main results of his researches. [Editor's Note.]

the customary and the base tenure. The later copyhold, according to him, was derived from the villein customary tenure which enjoyed a tolerable security in the Norman law books. There was not much room for change in the history of the customary tenure. Copyhold succeeded to the legal privileges of the *terra villana*, and firmly established its complete security in the fifteenth and sixteenth centuries. This is the reason why the agrarian changes of the Tudor period did no harm to the customary tenants. The unhappy tenants at will on the demesne were the only sufferers. They succeeded in title to the unfree serfs, whose holdings on the lord's demesne possessed a merely precarious character, and were called *bondagia* or *terrae nativae*. Since time immemorial base tenure and customary tenure were totally different. Mr. Leadam stands quite alone with these bold affirmations. Most specialists admit a close affinity between copyhold and base tenure, and refuse to discriminate between the serfs and villeins of the age of Bracton. The only true distinction is that between villein status and villein tenure. For Mr. Pollock the first copyholders were descendants or successors of freemen who held villein land and always enjoyed a considerable security of tenure. Copyholders of servile origin occur almost exclusively on the Celtic soil of the western counties, where personal serfdom left a deep trace on the base tenure. The western copyhold is mostly copyhold of imperfect tenure, either for years or for life. Mr. Vinogradoff and Mr. Maitland do not deny that people who had never been serfs might be found among the early copyholders. But they consider villeins holding villein land as the chief source of the later class of copyholders.

One cannot dismiss these discordant views as indifferent for a history of the Tudor copyhold. The indorse-

ment of any one of them necessarily involves important further admissions. If the later copyhold has nothing in common with personal serfdom and base tenure, it is useless to look in its history for elements of legal insecurity. Since the dawn of professional tradition the tenure existed under state tutelage, and at the Tudor time its legal protection grows almost superabundant. The explanation of the fate of the English peasants, according to this view, would not lie in the region of law. Mr. Pollock would be prepared to admit an insecurity in the Tudor copyhold, which arose from the base origin of the tenure; but he must repudiate, at least for the larger part of the English territory, any unfavorable influence of personal servitude. Mr. Vinogradoff and Mr. Maitland could easily acknowledge that later copyholders inherited some legal disabilities of the feudal villeins, and suffered from their original sin during the social struggles of the Tudor period.

In order to test the different views, I traced the development of the legal theory of copyhold. Walking in the steps of some eminent investigators, I went from the known to the unknown, from Blackstone to Bracton. There is no need to condense for English-speaking readers Blackstone's classical pages on copyhold tenure. It is sufficient to point out the strange contradiction in which he is involved. On the one side, immutability is proclaimed to be the essence of copyhold. It is impossible to create a new copyhold or to change the manorial custom, which always runs from time immemorial. On the other side, Blackstone is quite emphatic in his opinion that copyhold is descended from a very low origin; that is to say, from feudal villeinage. But a wide gulf exists between later copyhold and villein tenure. Both assertions of Blackstone cannot be indorsed. A choice must be made. Either copyhold was not derived from villein

tenure or villein tenure did not remain immutable during its transformation into copyhold.

A comparison with earlier legal theories shows which half of the dilemma is true. Coke and Norden are good representatives of the doctrine for the beginning of the seventeenth century. Coke speaks perhaps even more eloquently than Blackstone on the security of copyhold and on the power of manorial custom. But suspicions are aroused by this very eloquence. If the situation was beyond dispute, why did he write in such a spirited way? Was he not moved by a desire to win a dubious case? In some respects the copyholder of Coke has not yet attained the level of the Blackstonian statement. Thus the court decisions had not yet established the common law maximum for the arbitrary admission fine. And the difficulty for a copyholder to act independently in a common law court reveals itself from Coke's pages more clearly than from Blackstone's. This impression is not enfeebled after a study of the *Surveyor's Dialogue*. Norden strongly insists on the variety of manorial customs. Copyhold of inheritance is not the only type of customary tenure. Tenures for lives and for years are very common. Fines of admission are certain in few manors. Tenants for lives and for years always pay arbitrary fines. One goes back to Kitchin, and finds that a copyholder's position becomes still less favorable,—at any rate, less certain. Kitchin is very friendly to copyhold tenure. He speaks seriously about its ancient freedom and its venerable Anglo-Saxon descent. Nevertheless, he makes it perfectly clear that the legal doctrine was in his days in its period of formation, and that very essential parts of the later theory continued to be controversial. Some chapters of Kitchin may convey an impression that in his time copyholders lived under happier conditions than two centuries later. Thus, accord-

ing to his *Court Leete*, the lord can never augment the customary amount of the admission fine, and a copyholder can in some cases bring an assize of novel disseisin. On the other hand, Kitchin remains in doubt whether the copyholders enjoy the rights which became indisputable for Coke and Blackstone. He expresses contradictory opinions as to the possibility of a copyholder bringing an action of trespass against the lord, and even any real action of common law. He does not believe that every copyhold must go back beyond the memory of men. The lord can grant any land by copy; and eighty years of quiet seisin will prove a sufficient prescription, will convert the tenure into ordinary copyhold.

In an earlier tract, in Fitzherbert's *Surveyinge*, the manorial custom appears in a condition still less secure and settled. For Fitzherbert manorial customs are generally of later origin than the Norman Conquest. The lord has the right to augment both rent and fines. Absence of security for customary tenure forms a great obstacle to agricultural progress. The further back we go, the greater becomes the uncertainty and insecurity of copyhold in the professional tradition. The first appearance of copyhold tenure in the law books makes no exception to the general rule. Littleton is very short and sometimes very obscure on the subject of copyhold. One may read the celebrated section 77 over and over again, but little can be squeezed out of an assurance that a lord has no desire to infringe a reasonable custom. Littleton did not write the famous words about Danby and Brian; long before Professor Ashley, Butler had pointed out that the interpolation first appears in Redmayne's edition of 1528. Littleton could not have written the words in question, because in that very case of the Year Book (7 E. IV. 19) he expresses himself strongly against giving to the copyholder an action of trespass against

the lord. But there is another section in the *Tenures* much less known (82), which probably implies a meagre protection of copyhold by the common law court. Littleton says that, where the copyhold is of inheritance and the lord grants the land to a stranger, the heir can enter the tenement; and the custom of the manor may help him *in some cases* to bar the lord in his action of trespass. If this statement is correct, it means that, when a copyholder came into court with a complaint, the king's justices would not hear him, but they would condescend to protect him in some cases when he appeared as defendant. The line of conduct followed by the learned judges, through its very want of consequence, makes it highly probable that in the middle of the fifteenth century, the protection of copyholders was a new departure and a hazardous thing in the common law courts. The laconic brevity of both chapters devoted by Littleton to the copyhold tenure is not their only striking peculiarity. If they are compared with the much longer chapter on tenure *en villenage*, a decided family likeness between both tenures is evidently apparent. Suppose a copyholder and a freeman holding in villenage approached Littleton, and told him minutely the conditions of their tenures. I am not quite sure that it would have been an easy matter for him to say who was the copyholder, and who the *tenens in villenagio*.

Perhaps I may be entitled now to formulate the result. The retrogressive survey of the law books leads us from the copyhold to the tenure in villenage, and clearly leaves us under the impression that the doctrine of the immutability of manorial custom underwent many changes before it received the definitive shape which it received in Blackstone's *Commentaries* and *Considerations on Copyhold*. And, as our best authorities teach us that the typical holder of villein land at the feudal age was a villein

in blood, it becomes probable that unfree people were ancestors or predecessors of the copyholders.

The above inference as to the base origin of copyhold was drawn from literary sources. Will it sustain the ordeal of documentary evidence? Perhaps it will. I have made no special study of the feudal period, and I must confine myself here almost exclusively to the Tudor evidence. Base customary tenure was not very rare in the Tudor period. In my book (pp. 127, 128) I have quoted about forty manors where all or some customary tenures preserved the names of villein, bond, native. I could now augment the table by further examples from the *Valor Ecclesiasticus*. The term "villein" occurs only once in the table. The usual names for such tenures are "bond" and "native." Almost everywhere the base land forms a part of the customary tenement, and does not lie in the demesne of the manor. The bond customary tenements were very seldom marked by any peculiarity in the conditions of tenure. For the most part it was only a difference of name. And where any peculiarities in conditions of tenure can be stated (five cases in my evidence), in spite of them, the name of copyhold is clearly applied to bond tenure. In Raunds, Russenden, Higham Ferrers (Northamptonshire),¹ one part of the copyhold is called customary, the other bond. The holders of bond copyhold in four and probably in all five cases were in a worse condition than the rest of the tenants; but the difference is not necessarily between original freedom and original servitude. In Tunstead (Norfolk),² holders of bond copyhold pay more for an admission fine; but *five* kinds of copyhold and *four* amounts of admission fines exist in the manor. And the difference does not lie in the security of tenure. Bond copyholders

¹P. R. O., Duchy of Lancaster, Miscellaneous Books, vol. 117, ff. 153-208, 26 Ellis.

²Duchy of Lancaster, Misc., 15/3, 6 Jac. I.

in the five cases pay more to the lord or enjoy shorter term of tenure, but there is no reason to affirm that they are less effectively protected by the king's justices. On the whole, bond or native tenure in the sixteenth century was surprisingly similar to an ordinary copyhold. Does that not point to a common origin?

The ordinary copyhold of the sixteenth century in certain localities preserved some clear traces of its old connection with personal serfdom. Copyholders were not rare among the last bondmen; and, if out of their body we put aside the landholders, almost all of them prove to be customary tenants. Some copyholders who were not called bondmen were subject to degrading personal obligations, and stood not much above the bondmen. Even a suspicion is aroused that they were bondmen or people who had attained freedom quite recently, and were still exhibiting the brand of serfdom. In some manors, copyholders did not enjoy full freedom of movement. They could not leave the manor without seigniorial permission under fear of forfeiture, and for the license they paid a chevage. In 23 Henry VII., Th. James, a customary tenant of the manor of Bradford, Somersetshire, paid 20*d.* for the license to live outside the manor; and, in 6 Henry VIII., J. Bowring forfeited his customary tenement because he did not stay within the manorial boundaries.¹ In the reign of Henry VIII. the lord of the manor of Romens fee, Oxfordshire, promised to grant a new copy to one of his copyholders on more favorable conditions. The promise was "to hold by new copy to him his wife and son duryng their lyves and the longer lyver of them and that they and every of them shuld have libertie to dwell at their will and pleasure at every place from their tenement."² The inference is very prob-

¹*Selden Society*, xii. 160, 163, 164.

²*Star Chamber Proceedings*, Book 19, no. 318.

able that the copyholder had not enjoyed the liberty which was promised him in the new copy. In some manors compulsory reeve service was still imposed on the customary tenants. In Painswick, Gloucestershire, the copyhold was of inheritance; but the customary tenants had to choose a reeve, and to bear a corporate responsibility for his arrears in payment of seigniorial revenue.¹ At the same time in Stebbenhuth and Hackney the copyholders were obliged to present to the lord two candidates, who were to be of the richest sort, with an income at least equal to the whole amount of seigniorial revenue. In some places the redemption of blood continued to be demanded at a very late date. According to Dugdale, in 1654 heiresses of copyhold still paid their leyrwite and childwite of 5s., whenever their misconduct came to the lord's knowledge.²

Perhaps the strongest argument is found in the cases where an actual succession of copyhold to villein status and tenure can be established in a definite manor. Humberstone made a survey of the manor of Rolleston, Staffordshire, in 1558. He found 28 copyholders who possessed an estate of inheritance, and he added that they had been bondmen of old times. He quoted an old customary (of a later date, however, than 1337) in which the tenants of the same 28 holdings were villeins performing week-work and paying chevage and merchet. Only one trace of old serfdom survived till Humberstone's time. The copyholders were still subject to reeve service.³ We can compare four surveys of different dates for the manor of Almonbury.⁴ In 13 Edward III., there were 30 freeholders, 23 *terminarii*, 9 natives. The last paid chevage, merchet, leyrwite. In 3 Henry VI. there were 50 free-

¹Th. Croome, 15, 16, 28 Elis.

²Dugdale, *Warwickshire*, ii. 967.

³Duchy of Lancaster, *Miscellaneous Books*, vol. 109, f. 54.

⁴*Yorkshire Arch. Assoc. Journal*, ii. 1-34.

holders, 20 tenants at will. The former villeins are called bond tenants, and no change had occurred in their services. In 26 Elizabeth, 23 freeholders dwell in the manor. No tenants at will are mentioned, and it is not clear whether they disappeared or joined the class of copyholders. Some of the latter are stigmatized as copyholders of bond tenure, and these alone are subject to repair of the manorial mill. But, apparently, no other difference exists between the two groups of copyholders. And, though at least some of them succeeded to bondmen, the condition of all is very favorable. They have an estate of inheritance, a certain admission fine, full power to let their tenements. In 7 James I. the surveyor no longer makes a distinction between bond copyhold and ordinary copyhold. I do not see how Mr. Leadam will escape from the conclusion that all the copyholds in Rolleston and at least some customary holdings in Almonbury originated from bond tenure, or that all the copyholders in Rolleston and some copyholders in Almonbury were descendants of or successors to bondmen.

III. Manorial Customs and the Insecurity of Copyhold.

I have tried to establish a kind of filiation between villeinage and customary tenure, because, in my opinion, the pedigree of copyhold helps in the understanding of the legal nature of customary tenure at the time of the Tudors, when manorial custom became its regulating force, its life and soul, according to Coke's favorite expression. The Tudor government was not afraid to penetrate into the manorial precincts, but it did so only when custom was broken; and the chief intention of interference was the restoration of the reign of custom. An essay on Tudor copyhold must commence with a

study of manorial customs. The subject is not an easy one, as monographs are entirely missing. The student must himself find his way through the difficulties, and must ask a lenient hearing.

The evidence concerning manorial customs was scanty in my material. I was able to tabulate (pp. 145-148) my information only for two sides of the custom; namely, duration of tenure and character of admission fine. The number of manors is very limited, and they are unequally distributed over the country. They belong mostly to the western and southern counties. The central and eastern counties, which offer a greater interest, are represented very poorly in my table.

As to the duration of tenure the customs may be divided into three groups. In 17 Cornwall manors and in Hitchin, copies are granted for years, but with right of renewal, so that the tenure is very like an estate of inheritance. In 25 manors the copies convey an estate of inheritance. In 40 manors a copyhold is granted for life or lives. The number of manors is too small for general inferences to be made. But perhaps the list suffices to show that tenure for life or lives was very common, and that it was not confined to the western counties. For instance, in Hants it occurs in four out of the five cases in which my table gives the duration of tenure. On the contrary, in Gloucestershire customary estate of inheritance is almost as frequent as tenure for lives. I cannot indorse the opinion which finds in the conditions of tenure a marked contrast between the western counties and the rest of England.

I attribute a great significance to the frequency of customary estates for life. It may explain much in the decline of the English peasantry. In all manors where the copyhold was not of inheritance, the whole of the customary land escheated from time to time into the

lord's hands; and he could grant it to whomsoever he desired or else join it to his demesne. By mere lapse of time a very considerable percentage of peasant holdings could thus become a part of a large demesne or of a large farm, without the least infringement of common law or of local custom.

As to the character of the fine, in 28 manors of my table the fine was certain, and in 58 uncertain. In 48 cases both duration of tenure and character of fine could be ascertained. Out of the 25 manors with customary holdings for lives, in 3 cases only was the fine certain. Out of the 24 manors with customary holdings of inheritance, in 8 cases the fine was uncertain. Arbitrary fines occurred even more frequently than customary tenures for lives, and generally the insecurity which resulted from the transient character of tenure was strengthened by the insecurity which came from the uncertainty of the admission payments.

A Russian critic has attacked my views on the character of manorial custom. He went even so far as to deny any difference between estates for life and estates of inheritance. The former, he claimed, were not less secure than the latter; and the holdings were usually regranted in the copyholder's family. He did not attribute a great economic importance to the prevalence of arbitrary fines. He challenged my inference that manorial custom was not favorable to a majority of the customary tenants; and he affirmed, on the contrary, that in point of legal security the copyholder's condition left little to desire. I am afraid my opponent has made a strange mistake when he refuses to admit that the lord was not bound to regrant an escheated copyhold for lives to the tenant's descendants. It is absolutely impossible to consider all or almost all customary estates for lives as renewable. Law books, lawsuits, manorial documents, speak unanimously

against such a supposition. The subject had been a matter of controversy between Professor Ashley and Mr. Leadam; and Mr. Leadam admitted candidly that, as a matter of law, the lord could dispose freely of an escheated copyhold for lives. I have adduced in my book some further proofs of it, though, I suppose, they are needless for English-speaking readers. However, as a matter of fact, not all escheated copyholds for lives remained with the lord or went into a stranger's hands. Some of them were undoubtedly for a long time kept by the old tenant's family; and this I explicitly pointed out. In some manors the custom itself facilitated their preservation in the family. In Easterton, Garnham, Aledeborne, Maningforde Boundes, Poole, Wokesey (Wiltshire), according to a survey of 33 Elizabeth,¹ the steward was obliged by custom to grant the reversion of an escheated copyhold to the tenant's children before all others. But the children paid a fine at the lord's will; and, besides, the lord could retain the tenement in his own hands. A legal historian is satisfied with the statement that manorial customs opened the way to the disinherison of many peasant families. And I am bound to confess that I have stopped here. An economic historian wants to go farther, and to measure more or less exactly the actual changes produced by a legal rule. How many peasant families lost their holdings in such or such group of manors, owing to the limited duration of their customary interest? The problem is difficult. In order to resolve it, a great number of surveys and court rolls of different dates must be worked through, and even then success is not sure. I have consciously receded before the task. It is perhaps a substantial default in the book, and thus far my opponent's criticism may be just; but I hope the truth of my statements about the legal situation is not impaired by

¹ Dushy of Lancaster, *Miscellaneous Books*, vol. 115.

it. The same remark applies to the question of fines. Suppose the great frequency of arbitrary fines be established. But payments of arbitrary amounts may be quite low or, at any rate, not high enough to ruin a peasant family and to deprive it of the hereditary holding. A statistical investigation would decide what has been the amount of harm caused to the customary peasants by seigniorial exactions in cases of admission. I have adduced examples where the payments were exorbitant, amounting, indeed, to two, three, even four pounds per acre. However, such cases are rare; and a few examples do not prove much. The startling peculiarity of fines in my scanty material (pp. 465-470) is their inequality, or rather their capriciousness. I take a manor where the fines are low and where inequality of fines is less striking, as at Sapewike, Dorset.¹ For 33 acres of arable and 1½ acres of meadow J. Butte ap Ricke pays a fine of 6s. 8d., while for 18 acres of arable and 1 acre of meadow N. Scovell pays a fine of 100s. It seems difficult to avoid the conclusion that such inequality of treatment engendered a deep-rooted feeling of insecurity, even where the actual claims of the lord were not excessive. After all, the question of fines became ultimately a matter of secondary importance, since the king's courts established a legal maximum for an arbitrary fine, which cannot be considered as ruinous. But the limited duration of many customary tenures was, on the contrary, a permanent factor, with an influence more likely to increase than to diminish.

The effects of limited duration and arbitrary admittance payments were, to a large extent, counterbalanced by the fixity of customary rents. I need not dwell on a point which has been elucidated by the authoritative statements of Mr. Maitland and Mr. Seebohm. Copyhold rents be-

¹Duchy of Lancaster, Miscellaneous Books, vol. 108, ff. 24-28, 6 E. VI.

came fixed at an early date, after the commutation of customary works, and, generally, much before the sixteenth-century revolution of prices. Therefore, in many cases they fell much below the rack rents imposed under the influence of the influx of the American and Tyrolese precious metals. After the monetary revolution, they lost in most cases all correspondence to the actual value of land, and became quit rents, in the modern sense of the word, leaving a large margin of profit to the tenant. The numberless pamphlets and sermons of the Tudor period which condemn the lamentable growth of rents hardly afford proof to the contrary. Apart from rhetorical and moralizing exaggerations, the preachers and pamphleteers are speaking about farms, and not about customary tenures. The very name of copyhold occurs very rarely in these eloquent complaints.

Copyhold rents remained fixed because they formed an integral part of the local custom; and the custom of the manor was supposed to go beyond the memory of man without any change. It was a legal fiction. Even customary rents had a definite commencement in men's memory, being usually a result of commutation; and, where the commutation took place gradually, the amount of rent changed with every consecutive step of the process. It was a dangerous idea. The test of stability and immemorial antiquity could be applied to every custom. It was applied to many of them; and many of them, unable to stand the test, fell into a very doubtful state. The situation becomes bad for the tenants when a customary rule is uncertain; and this is rather frequently the case in the sixteenth century. It may happen that neither the tenants nor the lord nor the law courts know the custom. The parties to the suit give contradictory depositions, and produce documents which exclude one another. The tenants always believe that the lord is

wrong. From the uncertainty of the custom, the lord is always inclined to argue that the tenants are at his will. In such suits the tenants are very apt to be the losing party. They are willing to make great pecuniary sacrifices in order to get their custom properly defined and authoritatively fixed. In 7 Elizabeth, Lord Berkeley confirmed to his tenants of Bosham their manorial custom by an indenture "which the tenants for the canonicalnes thereof called Bosham bible." The bible proved to be a very controversial book. In 14 James I. a suit was pending in the chancery between Lady Berkeley and her copyholders of Bosham; and the court abrogated the Elizabethan agreement. The case was not decided before 16 James I., and cost the tenants £900. The chancery decree was very unfavorable to the tenants, and broke their spirit. They were ready to pay about £2,000 "to redeem their folly."¹

The situation might become worse for the tenants when their copyhold took its commencement within men's memory. The later legal theory declared that creation of copyhold was an impossibility. A copyhold on the demesne or on the wastes of the manor was not a perfect copyhold for a strict lawyer, because all demesne land was in the lord's hands within legal memory; and copies granted on the demesne land could therefore claim no immemorial antiquity. It was a late theory, and Littleton himself speaks about cases in which freehold could turn into customary land (s. 172). It often happened in the Tudor period that peasants took and that lords granted by copy, wastes and demesne lands. However, with the growth of the legal theory, the situation of such new copyhold or newhold became dangerous, and the insecurity was increasing. In some cases, to prevent the disinheritation of the unhappy tenants, special

¹*Berkeley Manuscripts*, ii. 432-434.

acts of parliament were passed. The act for Somerset's lands¹ affords the best-known instance. In other manors special local customs empowered the lord to grant by copy the demesne, and declared that such grants established a copyhold of perfect tenure. But in numerous cases, the newholders could find no legal cover, and stood in peril of losing their tenements or of paying heavy sums of money for the confirmation of their interest.

The history of the Blackburn or Clitheroe tenants offers an eloquent illustration of the melancholy fate of many new copyholders. In 21 Henry VII. the king writes to the steward of Clitheroe, and complains that former stewards had been granting demesne lands by copy without royal license (Clitheroe was a parcel of the Duchy of Lancaster), and that such copies had no validity in law. The king does not allow the steward to grant demesne by copy for more than 40s. and twelve years. But in the next year special commissioners came to Blackburn with instructions to augment the king's revenue and with power to grant new copies without the recent limitations; and many such new copies were, in fact, granted. The newholders lived quietly during the sixteenth century. Only once the king interfered with their rights, when he forbade (24 Henry VIII.) partition of tenements whose value was under 26s. 8d. But in 1607 the council of the Duchy declared that Clitheroe newholds were no copyholds at all, and that they ought to be treated as assart lands. However, the tenants might apply to the council for the confirmation of their interest. New admissions were stopped. In 1608, the council demanded a twenty years' rent for the award. The tenants consented to pay a twelve years' rent. Both parties agreed on the sum of about £3,950. The newholders paid the money, and the chancellor of the Duchy prepared a bill which

was supposed to secure forever the dubious tenures. The bill was passed; it was apparently 7 James I., c. 21. But it did not help the poor newholders. Their successors presented a petition to Charles II. They do not mention the act of 7 James I., c. 21. They say that under James the newholders agreed to pay a forty years' rent for the confirmation of their tenures, one-half for the chancellor's decree and one-half for the act of parliament. The chancellor gave his decree, and the tenants paid the first half. But the bill was not passed through both houses before 1641. It was during the Civil War, and the king had no leisure to give his assent to private bills. The bill became an act of parliament only in 1650, and the tenants paid the second half. After the Restoration the republican statutes were declared null, and the Clitheroe newholders once more became rightless. They applied to the king for the confirmation of their tenures.

Newholders were not the only victims of the legal theory and of the economic struggle of the Tudor time. During a certain period of time the *severed* copyholders also found themselves in imperilled condition. A copyholder's life was closely connected with the manor; and the manorial court was the only place where he could sell, let, inherit, or exchange his tenement. If the court disappeared or if the copyholder became severed from it, his situation could become critical. He retained all his customary rights, but without the court he could not realize them. The opinion prevailed in the sixteenth century that two freeholders were necessary for a manor. The manor which lost that minimum ceased to exist before the law, together with its court and its custom. A lord could grant away to a stranger the freehold of some or of all of his copyholds. The manor remained, but the customary tenements became severed from it and lost their courts.

Both cases occur rather frequently in Coke's and Croke's Reports, and command a considerable interest because the history of the severed copyholders covers, to a great extent, that of the customary court and of the reputed manor. Mr. Maitland's and Mr. Vinogradoff's investigations have established the original unity of the manorial court and the late date of its differentiation. I should like to add only one supplementary touch to Mr. Maitland's masterly sketch in the second volume of the Selden Society publications. Even at the Tudor epoch the manorial court, as a general rule, preserved its original unity, and continued to be called court baron. My impression is that the doctrine concerning customary court and reputed manors, which is emerging in Kitchen and Coke, was construed to deal with exceptional cases and to save the endangered rights of the severed copyholders. Kitchen mentions the customary court, when he comes to the manor without freeholders. Coke insists on the dual nature of the manorial court, when he meets the same kind of manor, and when he wants to prove that copyholders preserve therein their immemorial rights.¹ But the instructive reports of Coke and Croke show that the doctrine was accepted by the law courts only after many vacillations, and that at the very end of the sixteenth century the severed copyholders at best enjoyed but partial recognition of their tenurial rights. The limits of a summary forbid a technical discussion of the respective reports; and I prefer to leave without proof the assertion that the severed copyholders stood in the ranks of those customary tenants who were not sufficiently protected by the manorial custom of the Tudor period.

¹Kitchen, 87, 89, ed. of 1592; Coke, *Commentary*, 31.

IV. The Legal Protection of Copyhold.

Many customs do not need state protection. They are enforced, not because the state demands their preservation, but because their maintenance is necessary or profitable to influential elements of the local population. The feudal state did not protect, or protected very inefficiently, the manorial customs. Yet the latter existed in full vigor, because the lord, as well as the peasants, was interested in their maintenance. Towards the time of the Tudors, manorial custom lost its charm for the seigniorial mind. Demesne farming declined or disappeared. A lord expected money from his tenants, and nothing else. He became indifferent to the condition of their horses and ploughs, of their meadows and crops, since they ceased to cultivate his fields. The custom became rather a nuisance to him, for it fixed many payments and prevented him from raising his revenue. Tenure of common law, especially tenure at will, seemed preferable to copyhold, because rack rents stood above the quit rents. With a common law leasehold the admission fine was always arbitrary; and with a copyhold it might be fixed by custom. The "economic man" in an average lord was bound to dislike custom, and to wish the substitution of common law tenures for customary estates. The same desire was felt by a large farmer or grazier who wanted considerable areas of land for himself, and could not get them, owing to the great extent of customary tenements. Thus some leading social forces might be hostile to the manorial custom, and feel inclined to evade it, or even to crush it at the first opportunity. Protection of customary estates by the law courts acquired an importance under the Tudors which it had not possessed during the feudal epoch. The question is rather obscure. Perhaps the most convenient

way to deal with the subject will be to treat each court of law separately.

After some *vacillations* the opinion asserted itself in the thirteenth century that all matters concerning villein or customary tenure lay outside the jurisdiction of the common law, and ought to be disposed of by manorial or seigniorial justice. If the same state of things had remained in force under the Tudors, it would have been a disaster for the English peasantry, which would have disappeared considerably earlier than it did. The situation, however, had changed. Customary tenants of the sixteenth century stood under state protection, and suits concerning copyhold were often brought before the king's judges. A Tudor copyholder could complain of many things. But he could not affirm that the doors of a court of law were shut to him, and that justice spoke to him only by the mouth of a hostile steward in the unfriendly precincts of a manorial hall. The history of a change of such magnitude is not devoid of interest. The professional tradition usually ascribes the honor of establishing or renewing the protection of customary tenure to the famous decisions of Danby and Brian. The tradition does not ignore the fact that their action, real or imaginary, was anticipated by the subpœnas and decrees of the Lancastrian chancellors; but it does not attribute much significance to the circumstance. This question of chancery jurisdiction, however, deserved more attention than could be paid to it till now. The proof is contained in the early chancery proceedings, which became accessible after the recent publication of the Calendar. I have already reported¹ the eleven copyhold cases which I found in the first volume.

Thirteen more cases are registered in the second volume, which I need not here discuss, for they possess few

¹*English Historical Review*, vol. xvii.

peculiar traits. However, I have perhaps to withdraw my former statement that no copyhold cases are known as early as the fourteenth century. A suit is registered in the second volume, which relates to the fourteenth year of Richard II., and has an indirect relation to customary tenure.¹ The bill of the plaintiff in Latin is the only document preserved; and, curiously enough, a manorial lord appears as plaintiff. One more copyhold case may belong to the fourteenth century; for the bill, the only document preserved, is written² in French, whereas proceedings of later date were kept in English. The importance of the evidence is due to the circumstance that no other contemporary royal court protected customary tenure. Copyholders affirm several times in their chancery bills that they are helpless at common law, and that chancery is the only place where they can expect justice to be done to them. The assertion is repeated in a very late case,³ which cannot be earlier than 12 Edward IV. At least five years had then passed since the famous occasion upon which Danby is generally supposed to have established a copyholder's ability to sue his lord at common law. Yet John Wade, the plaintiff, can still lament in his bill, "seyng your suppliaunt to be an innocent person . . . by color that is conteyned in his copy *tenendum sibi et heredibus suis ad voluntatem domini* in which case your seid suppliaunt can have no remedy ayenst his saide lorde by the course of the comen lawe of this lande." I do not consider the declaration as an antiquated formula superseded by a new development in the jurisdiction of the Common Bench. The wording of such declarations varied considerably, and the defendants never contended that the matter had its remedy at common law. The chancery decrees for the fifteenth century are lost; and

¹P. R. O., *Early Chancery Proceedings*, ii., bdle. 69, no. 3.

²*Ibid.*, bdle. 69, no. 301.

³*Ibid.*, bdle. 40, nos. 90-93.

we cannot say how often the copyholders gained their case and what was the character of the satisfaction they received. In their bills they expected from the court, not a mere adjudication of their pecuniary losses, as in a common law action of trespass, but restitution of tenure. The defendants did not consider the proceedings as an innocent formality, but prepared elaborate answers and rejoinders. The immediate influence of the chancery protection on the fate of the fifteenth-century copyholders must not be exaggerated. The total number of chancery pleas amounts to very many thousands, and the copyhold bills are some two dozens. In their collisions with the lord the Lancastrian copyholders very seldom found their way to the chancellor. However, the principle of state protection becomes established by a very limited number of decisions, as well as by hundreds and thousands of cases; and the principle was of far-reaching importance. The rare copyhold cases in the chancery practice of the fifteenth century cleared the ground for the Tudor law courts, and laid the foundation stone of the later "security" of the customary tenure.

Danby and Brian were not the first judges who consented to hear a copyholder's complaint against the lord, and who proclaimed themselves ready to give eventually a judgment for the plaintiff. Were they the first justices who gave to a copyholder a common law action against the lord? The matter is rather dubious. Our evidence in reality consists but of the short and obscure reports in the Year Book.¹ Mr. Leadam has given an explanation of them (in the Transactions of the Royal Historical Society), to which, for several reasons, I can not adhere. In the first case, out of four lawyers, only one, Danby, is prepared to protect a copyholder of *inheritance* against the lord. Littleton speaks in strong opposition to Danby.

¹ 7 E. IV. 19; 21 E. IV. 80.

Danby's reply to Littleton is very obscure. And, when the chief justice tries to support his opinion by the analogy of a freeholder disseised by the king, Catesby and Pigot have little trouble to show that the analogy is false. Danby's rejoinder is also obscure; but, at any rate, he sounds a retreat, and speaks not of tenure, but of recovery of profits by way of damages. Catesby meets him again with a decided denial, and here the report ends. No judgment is mentioned, and the professional opinion seems to speak against the protection of the copyholders. In the second case the judges are more favorable to customary tenure. The court agreed with Brian that a copyholder for life has a customary freehold in the land. The court accepted the defence of the copyholder, who pointed out that he had performed all the customary services. Catesby had changed his mind since 7 Edward IV., and held that a copyholder could prescribe according to the custom. But the report ends with a demurrer. It does not give the final decision. These reports did not acquire at once the importance which is attributed to them in the legal tradition. Brook and Kitchen speak of them in a way which differs considerably from the later views. In 21 Henry VII., a copyholder's ability to prescribe according to the manorial custom remained a controversial point for the justices, and only in the following year did the Common Bench give a unanimous decision in favor of the copyholder.¹

A tenant's complaint against the lord was not the only channel through which the manorial custom could come under the cognizance of a common law court. Even in the so-called Danby and Brian cases the lord acts as plaintiff and the copyholder as defendant. Similar cases occurred at a much earlier date,² and the earliest copyhold case in the chancery proceedings is of the same kind.

¹ *Keilway, Reports*, 76, 77.

² 8 H. V. 4; 42 E. III 25.

A weak lord, who could not enforce the custom or impose his will upon an obstinate tenant, applied for help to the king's court, hardly suspecting the magnitude of the issue which he was raising. The justices might help an individual; but they were encroaching thereby on the privileges of the seigniorial class. The proceedings almost invariably resulted in a discussion of the manorial custom, which thus placed itself under the control of the common law. To the judges the change was not difficult. When they began to protect the customary tenant, they did but follow an example set by the chancellors. Besides, they would not wish to abandon to the equity men a new branch of work which could prove an abundant source of professional income. The scarcity of reports from the first part of the sixteenth century makes it difficult to trace the consecutive steps through which the manorial custom rose to full recognition in common law. Under Elizabeth, when the stream of reports grows copious again, the "reception" was finished. Custom was universally considered as the corner-stone of the legal life in the manor. The seigniorial will retained its freedom of action only where not limited by the custom. "Lord of the manor" and "instrument of the custom" soon became interchangeable terms. And the process did not always stop there. The lawyers could assert that every custom ought to be reasonable, and sometimes they might put the maxim into practice. The most important instance of its application was the introduction of the legal maximum for the arbitrary admittance fines. An historical survey of this change was afforded by Lord Loughborough in *Grant v. Astle*,¹ in which two years' improved value was found to represent the maximum for an arbitrary fine. The case acquired a wide reputation, though it did not settle the question. At so recent a date as

¹ *Douglas, Reports*, 722-723.

1883 the Queen's Bench Division stated that three years' value was not an unreasonable fine in a Worcestershire manor. And Lord Loughborough's historical introduction is not quite correct. The Tudor and Stuart justices were slower to establish a maximum than he affirms; and they emphatically excepted cases of voluntary grant, in which the lord counted for more than a mere instrument of custom.

After all, a prudent reverence for tradition was a stronger motive with the Tudor lawyers than an ambitious pretension to recast the custom in the name of state interest or reason. "Reception," not reform, of the local customs became the chief consequence of state interference in the manorial life. The manorial customary organization, which acquired its definite form during the thirteenth to fifteenth centuries,—lord, steward, bailiff, by-laws, copyholders, court leet, court baron, with its jurors and rolls and copies,—experienced its "reception" by the common law, at a time when the breath of life began to depart from it. The king's justices introduced a few improvements into the decaying organization, but their principal care was to preserve it in the old condition. Down to the present day the custom of a manor remains an invariable quantity to a legal mind. The establishment of state interference proved very favorable to many copyholders, not because it created some new rules, but because it fixed the old ones. The legal security of copyholders after that depended on the character of the custom. Copyholders of inheritance paying a fine certain and enjoying extensive rights of common occupied, indeed, an enviable position. But if the custom had carved out a meagre slice of rights to the tenants, the latter gained little by the "reception," which only prevented a further deterioration in conditions of tenure.

And have I not forgotten the Court of Requests and

the Star Chamber? On the contrary, I have paid due attention to Mr. Leadam's well-known opinions; and I have dissociated myself from them after a consideration of his evidence. At first, Mr. Leadam's point of view looks very plausible. The Star Chamber and the Court of Requests were new courts of equity, which might move without constant regard to the strict traditions of the common law courts. Both tribunals had an intimate connection with the Privy Council. It seems natural that they should command great respect and develop a bold activity under the cover of that powerful body. The Court of Requests bore the honorable name of the "court of poor men's causes." Two famous Tudor statesmen were accused of or accredited with strong democratic tendencies, and both were said to have chosen that very court for the chief instrument of their popular policy. Mr. Leadam would certainly be right if the question were solved by such general considerations, and not by the records of these courts, for the publication of which he has done so much, and will do more. To my mind, that small part of the evidence which I was able to study does not bear out Mr. Leadam's democratic theory.

In the twelfth volume of the Selden Society publications, Mr. Leadam has edited, among others, two very important copyhold cases in the Court of Requests, *Kent v. Seynt John* and *Foreacre v. Frauncys*. I shall try to summarize the proceedings in the shortest possible way. The tenants of Abbot Ripton complained in 35 Henry VIII. that their lord by brute force took copies from some of them, and substituted forty-year leases in the place of the customary tenures. The lord answered that the copies in question were but twenty years old, and that the plaintiffs were therefore mere tenants at will. The court nominated two commissioners, and drew up a list of interrogatories. The commissioners went to Abbot

Ripton, and produced the interrogatories to the sworn witnesses for both parties. No cross-examination could take place, and the depositions were simply put down on the parchment in the nakedness of their crying contradictions. The evidence collected was returned to the court, which, naturally enough, could not decipher the riddle. Supplementary depositions of the same kind made at Whitehall helped little. But the court had to do something to get out of the difficulty. The commissioners were ordered to search the manorial archives and to collect the documentary evidence. They performed the work, and the text of the old court rolls (those of Richard II. were quoted) became the arbiter of the contradictory claims. It was found that no copies emanated from an earlier date than 21 Edward IV., and that the majority of them related to 26 Henry VIII. The court decided accordingly that the copyhold was new and of no validity in law, and that the tenants ought to forfeit their holdings. It is necessary to add that their lordships took care to save the tenants from utter ruin. They wrote to the lord asking that he grant to the tenants leases for years, and he kindly consented. But one remembers that before any intervention on the part of the court, the lord proposed to substitute forty-year leases for copies. The request of the councillors agreed admirably with the lord's own calculations. Far from me to affirm that the court proceedings were contrary to right or prejudicial to the tenants. The only thing I wish to point out is that the methods of the court do not corroborate Mr. Leadam's theory. The Court of Requests desires to restore the custom, not to mend it. The Court of Requests looks for truth, not in the *Rechtsbewusstsein* of the local population, but in the dust of the manorial records; and, even when offering the tenants a benevolent protection, the court treats the lord's inter-

est in the most delicate manner. The tenants of Bradford, Somersetshire, complained in 35 Henry VIII. that their lord was breaking in many ways the manorial custom. The plaintiffs asserted that they had an estate of inheritance, and that they ought to pay fines certain. The lord answered that some tenements lay on the overland, and therefore outside the dominion of custom, and that the others had to fine at the lord's will, and were partly mere estates for life. The court sent commissioners to Bradford, who collected the depositions, and forwarded them to London. The depositions contradicted one another, and the court preferred the guidance of the excerpts from old court rolls quoted in the lord's replication. The dead letter of the records spoke again in the lord's favor. And the court found that the fines were arbitrary, that the tenants could not alienate their lands without seigniorial license, that overland was held at the lord's will. The tenants are patronized again, and again a careful attention is paid to social rank. The lord is to forgive his tenants according to their lordships' desire and entreaty.

We hear from different quarters that under Somerset's protectorate the Court of Requests was used for the promotion of a democratic policy. I examined a case of 2 Edward VI.,¹ in order to see what the attitude of the court had become, and I found it exactly the same as in the preceding reign. In 2 Edward VI. the commissioners showed, perhaps, an even more pronounced preference for the old documents as against the voices of the local peasantry. I do not know whether the witnesses spoke honestly or not. At any rate, they asserted unanimously that the customary estates were hereditary in the manor of Hanbury, and that the fines were certain. The commissioners neglected the depositions, and based

¹ *Court of Request Proceedings*, bdle. 16, no. 39.

their report upon the excerpts from the court rolls. They found that copies were always granted for life, and that fines were arbitrary. Their interpretation of the court rolls is decidedly unfavorable to the copyholders. The commissioners might have been right as to the duration of tenure. But on the question of fines they drew their conclusion apparently from the silence of the rolls. Their excerpts do not mention the amount of the fines. The decrees of the Court of Requests are lost for the first five years of Edward VI. I am afraid that in *Alyngton v. Hynkes* the decision was against the copyholders.

I cannot discover in these examples the high-handed democratic policy Mr. Leadam speaks of. I do not deny, in the least, that the court could effectively protect the tenants, provided the lord was clearly breaking an incontestable manorial custom. But the court meant to enforce the rule of custom, not to shake it; and it had more faith in records dead than in men alive. When an ancient, perhaps hardly legible, court roll spoke against the copyholders, the new court of justice could help them no more than the old ones.

My opinion was not modified by a study of some few Star Chamber proceedings. Disputes between lords and tenants were heard there not rarely. But the plaintiffs are not always tenants. The Chamber did not possess the democratic reputation of the Court of Requests, as it stood chiefly for the guard of state interest and public order. Weak lords, who could not live in peace with their tenants, readily saw an "illegal combination" in every act of organized opposition, and could inform the Chamber that public security was in danger. And not always in vain. Moore (pl. 1088) has reported a case of 4 James I. in which the court forbade to the tenants all collective action if the manorial custom was in controversy. However, numerous instances can be shown

in which the tenants appear as plaintiffs and the lords as defendants. But what reasons have we to think that the Star Chamber procedure was more favorable to copyholders than that of the Court of Requests? A good example will make clear the influence of the court. I select the endless Thingden litigations to which Mr. Leadam had so aptly called the attention of specialists. The Star Chamber proceedings form a considerable part of my evidence.¹ For shortness' sake I shall omit the suits *Mulsho v. Selby* and *vice versa*, confining myself to the litigations of the other tenants. Selby, I may mention, was the most prominent of the Thingden tenants, and Mulsho was the local lord.

The Thingden disputes commenced probably in 4 Henry VII., when Mulsho made his first inclosures and conversions. The tenants brought a bill in the Star Chamber, and won their case. In 9 Henry VII. or, perhaps, in 11 Henry VII., if not in both years, the court ordered Mulsho to put down the inclosures and to respect the tenants' rights of common. The triumph of the tenantry did not last long. Either Mulsho neglected altogether to execute the decree or he might have made new inclosures. At any rate, the peasants repeat their former complaints in the new reign before the same court. But this time the Star Chamber decree ran contrary to their expectations. Though further encroachments were forbidden, Mulsho was allowed to retain the area inclosed for his exclusive use. Litigation recommenced in 18 Henry VIII. In the opinion of the copyholders, Mulsho was infringing the manorial custom by demanding unreasonable and excessive fines. They thought that their land was ancient demesne, on which a certain fine, one year's rent, had to be assessed for an estate of inheritance.

¹ Gardiner, *L. and P.*, vi. 1383; *Star Chamber Proceedings*, bdle. 17, no. 396, bdle. 26, nos. 250 and 359, bdle. 32, no. 70; *Court of Requests Proceedings*, bdle. 6, no. 128, bdle. 8, nos. 86 and 187, Books, vol. 5, no. 135.

A royal letter, dated February 15, 18 Henry VIII., forbade changing the old fines. It was apparently a victory for the customary tenants. But in 20 Henry VIII. they complain again of oppressive fines, this time to the Court of Requests. Mulsho answered the bill by exhibiting a collection of old court rolls and customals, from which it appeared that the fine, though reasonable, had been always at the lord's will. And the decree, dated November 20, 21 Henry VIII., was based on the old records adduced. The admittance fine, according to the precedents, ought to be determined by the reasonable will of the lord. To console the tenants, the decree added that the lord's steward would answer before the court for his assessments. It looks as if at the same time the case, *Tenants of Thingden v. Mulsho*, was heard before two more tribunals, the Star Chamber and the Chancery. In 20 Henry VIII. the whole township wrote to the Star Chamber about excessive fines, inclosures of pasture, overcharging of commons. Commissioners were sent to Thingden, and both parties agreed to accept their award. The freeholders complained separately of inclosures. One of them, the abbot of Croxton, addressed a bill to the chancellor. Some years later Mulsho spoke very bitterly of Wolsey's interference. Without entering into any judicial investigation, the chancellor ordered the sheriff to repair to Thingden with the whole *posse comitatus*, and to destroy the inclosures. The peasants helped the sheriff with a natural zeal, and during eight days were felling Mulsho's wood and timber, which had grown since 4 Henry VII. under the cover of the hedges. Their spirits rose. They did not allow Mulsho to impound their cattle, which were eating the seigniorial meadow. They boasted they had a common purse, and could spend £400 in litigation. Then Mulsho accused them before the Star Chamber of mutiny and illegal combination.

Wolsey had fallen, and Mulsho had hopes of success. He did, in fact, get the upper hand. Somewhat later the Thingden tenants applied to Cromwell with a humble supplication and complaint. We hear that Mulsho has seized five-sixths of their lands, and continued to assess unreasonable fines. In a private letter, Cromwell ordered Mulsho's steward to settle the affair. But the steward was in no great hurry to act against his lord, and, playing the *frondeur*, declared that Cromwell's letter meant no command.

For Mr. Leadam it is a picture of complete legal security. The copyholders apply to different courts of justice, and no one refuses to consider their claims. They may be protected by the chancellor in a high-handed way, without due regard to the lord's interest. The tenants show a dogged obstinacy in defending their rights. They address their complaints to many courts at once. They are not discouraged by defeats. They spend very liberally both their time and their money upon endless litigation. Just so. But the other side of the picture is, perhaps, still more impressive. A large peasant community (Mulsho lamented that more than sixty husbandmen were felling his wood), without distinction of freehold and copyhold, for many years goes on fighting one man,—the lord. The game is very expensive. It may offer temporary satisfaction, as when the chancellor orders the pulling down of the lord's hedges. But this success was due to Wolsey's inclosure policy, not to the security of the tenants' rights; and with Wolsey it passes away. Some years later the tenants could say that Mulsho held five-sixths of the whole land. As to the dispute about custom, the result is hardly more favorable to the copyholders. Their indignation was aroused by the new and heavy demands of the lord, and they clung to the persuasion that Thingden was ancient demesne.

Once encamped, they reveal a peasant incapacity to shift their position. In the mean time the courts of justice, old and new, profess that their chief duty is to find out and to protect the local custom which lies hidden in the manorial records. In Thingden, and in many other places, the lord is invincible on this ground of written tradition. He knows it, and he can always repulse the tenants' attack with the excerpts from the old court rolls. And the peasants have no desire to understand it. They attribute their defeats to the partiality of judges, jurors, commissioners. And so they go from one court to another. Their obstinacy was due to legal ignorance, not to legal security, and could easily aggravate their destiny.

If the custom had created a bad situation for the tenants, it was necessary to destroy the custom or to mend it, in order to help the tenants. The courts of justice, not excepting the new courts of equity, could not do it; for they felt too much reverence for tradition, and for the lord's interest. Was it not otherwise with the Privy Council? A body mainly administrative, of wide powers and great influence, ought to have more freedom in its dealings with custom. The *Acts of the Privy Council*, edited by Mr. Dasent, contain, for the second half of the century, much interesting information about agrarian history, and particularly about disputes between the lords and the customary tenants. The councillors many times promised themselves they would hear no more private litigations, and would remit all such cases to the law courts; but they could not always keep their word. Their methods in settling agrarian disputes in some respects differed from those of the Star Chamber and the Court of Requests. The chief end of their interference is rather the preservation of public order than the protection of custom. The councillors were prepared to deviate from the customary rules, if adherence to them meant danger

to the peace of Her Majesty. They were fond of peace-making. Their commissioners first of all tried to bring the litigants to agreement, to find an award acceptable to both. But this award the council imposed on the adversaries only in exceptional cases. The parties had, as a rule, to choose between arbitration and litigation. If they accepted the council's mediation, an award could modify considerably the old rural situation. If they repudiated it, the council ordered the plaintiff to wait for the legal decision, and rarely claimed the power to introduce new permanent legal regulation. In case of emergency the councillors might abrogate temporarily the rule of custom. Under ordinary circumstances they professed that custom ought to be faithfully maintained. 1587 was a year of dearth and of "doubtful tymes." Their lordships were advertised from Somersetshire that discontent was spreading as a result of Lord Sturton's inclosures. Without entering into the question of law, the councillors ordered Sturton to stop further inclosing.¹ At a quieter time the copyholders were reminded that they had to obey the steward, and to follow the old precedents of the manorial court.²

It is impossible to deny that in many cases the councillors wished to protect the customary tenants against seigniorial abuses. It is only just to add that they tried to do it with the least possible harm to seigniorial interests. They often sent letters to the lords with an admonition to be just or charitable. In their very reprimands they show a remarkable reserve. The tenants are spoken of as ignorant and weak minors under the council's tutelage, unable to hold their own. The great lords are courteously reminded that nobility and power impose duty of compassion for those below, even when guilty of bad conduct. A copyholder of Lord Berkeley, John Carney,

¹*Acts of the Privy Council*, xiv. 305.

²*Ibid.*, i. 292, 293.

several times complained before the council that he had been unjustly dispossessed of his tenement by the lord. In 1593 the councillors wrote to Berkeley. They confessed it was not their proper business to decide such causes; but they expressed a wish that, if any wrong had been done, Berkeley might commit the determination of the controversy to some local gentlemen of worth and understanding, without any suit at law. The supposition as to a possible wrong on the lord's side sounds innocent enough. It is curious to hear how delicately it was introduced. "Wherein we meane not to prejudicate your lordship or to conceive otherwise then honorable of this and other your lordship's actions," etc.¹ Delicacy towards lords could go so far as to become very like injustice towards tenants. In 1573 the Privy Council heard a dispute between Chatterton, copyholder of the manor of Kemble, Wilts, and Sir T. Poole, apparently the local lord. The councillors wrote to Poole that Chatterton succeeded in proving his good title to the land. What was the inference? That Poole ought to return the copyhold to Chatterton and to pay the costs? By no means. The councillors have taken orders that Chatterton should submit to Poole, and desire his favor, and surrender the copy into Poole's hands on condition that Poole should grant him a good lease thereof for twenty-one years. Chatterton gets less than he should according to law and equity. But it seems much to the councillors; and they excuse to the lord their interference by explaining that this shall not only redound to Poole's great worship, but also shall discharge Poole's conscience, and bind Chatterton to pray for his lord.² May I adduce one more instance of extreme reverence for the seigniorial rights? In the seventies and eighties, the tenants of Glossopdale

¹ *Acts of the Privy Council*, xxiv. 315.

² *S. P. Dom. Elis.*, Add., vol. 23, No. 38.

were involved in interminable disputes with their lord, the Earl of Shrewsbury. The councillors were much bothered with the matter, and wrote many times to the earl on behalf of the tenants. In November of 1579 they thanked Shrewsbury for his promise to yield the holdings to all tenants but four, whom the earl resolved to displace as "kindelers of that contention." The councillors did not know exactly what was the fault with the four excepted, but they could guess; and they wrote, "They do pray his lordship that their attendance here by their lordships' comandement may be no cause to move him to deale more hardly with them then with the reste."¹ The supreme governing body of the country had ordered a few peasants to appear before its board, and to give the necessary depositions. I do not know whether that was the true cause of Shrewsbury's anger. The council thought so. And is it not strange that the Privy Council courteously prays the lord not to be hard to the four tenants, because they obeyed the order of the Privy Council? Under such circumstances it was natural that the lords were not always inclined to fulfil the council's decrees in favor of the tenants. Great men, as Stafford, could meet the council's orders with fresh acts of violence.² Smaller people, as Mrs. Harper, could adopt a policy of silence.³ I do not see how the Tudor privy councillors, at least the Elizabethan privy councillors, can be praised or condemned for strong democratic tendencies. They were certainly not, and no strong government can be, consciously hostile to the people. They were even less inclined to injure the country gentlemen. Perhaps they had less regard for manorial custom than the law courts had. They were fond of substituting new awards for old customary rules. But consent of

¹ *Acts of the Privy Council*, xi. 310.

² *Ibid.*, xi. 215, 216, 238; xii. 170.

³ *Ibid.*, xii. 7, 45, 243; xiii. 26, 67.

both parties was the necessary condition of change. Without it the custom was maintained in full force.

After all, "reception" of custom and continuity of legal development give to my mind the keynote of the legal situation in the Tudor village. Some important amendments have to be introduced into this formula. Very many customs were submitted to the severe test of the legal theory of customary tenure, and by no means all passed successfully through the examination. The case of newhold may be considered as an important instance, in which custom often gave way to common law, and leases were substituted for copies. The examples of abrogated customs in England gain in significance, if they are compared with the agrarian development in Wales and on the Scotch border. I cannot here consider in detail the Tudor history of customary tenure on the frontier. I may observe, however, that both in Wales and in the North customary tenure was very common before the Tudors, and that it became scarce in later times. I venture to disagree with so high an authority as Mr. Seebohm in his optimistic view of the conditions in Wales. For him the change was an inevitable and a just adaptation of peculiar Cymric conditions to the new legal surroundings, and very often nothing but a literal translation of the old rules into the terms of common law. For me the same evidence points to a considerable break in the legal history, and reveals the influence of national disparity and economic struggle.

But, after all, the continuity of agrarian law, of which the English are justly proud, does not mean permanence of conditions. Land laws are or were, till recent times, less modern in England than in any European country. Rural life in England is farther from the old lines than in any European country. Manorial custom attained full recognition at the Tudor period, but did not save the

English peasantry. I have tried to show that in many, perhaps in the majority of manors, the custom itself was not favorable enough to the tenants, and that it was an important cause of later changes. But subsequent events showed that even a very favorable custom could not in England secure the peasants from ultimate economic death. Was it, perhaps, on the contrary, an indirect explanation of their disappearance? Agrarian revolutions on a large scale, partly from above, partly from below, took place in many continental countries, and, in the opinions of many, improved the position of the peasant proprietors. A deeply rooted reverence for local custom might have been one of the motives which detained the English from a thorough interference with the "natural" agrarian development. And they have seen the most striking rural changes which are known to a contemporary observer.

ALEXANDER SAVINE.

THE FUNDAMENTAL NOTION OF CAPITAL, ONCE MORE.

IN a former article¹ the writer ventured to present the conception of a fund of surplus wealth as a possession, expressible in terms of money, irrespective of its specific form and of any specific use to which it may be put, as the real capital concept, and claimed for it, in the interest of clear thinking, mutual understanding, and sound theory, the exclusive right to be called capital. This conception was presented, not as a brand-new one, but as one which embodies the fundamental notion in the ancient and mediæval use of the term, and which had already received full and conscious recognition in economic literature at the hands of Turgot. It was further claimed that this conception is the common and practical conception of capital, is etymologically entitled to the name, and is thoroughly supported in its claim by the principles laid down by Professor v. Böhm-Bawerk in his *Positiv Theorie des Kapitals*. It was pointed out that the assumptions of Adam Smith, *first*, that capital is concrete, and, *second*, that the specific use to which concrete goods are put is vital to the concept, introduced a fruitless controversy as to the scope of the capital concept, during which the fundamental notion of *surplusness* was completely lost sight of, until Professor Carl Knies called attention to its essential character and made it the distinctive basis of his definition of capital. While Professor Knies showed clearly that the specific use to which this fund of surplus wealth should be put was not vital to the conception of capital, and thus freed the concept from the

¹"The Real Capital Concept," *Quarterly Journal of Economics*, vol. xviii. pp. 54-96.

error of one of Adam Smith's assumptions, he immediately fell into the error of the other assumption of the great Scotchman in conceiving of this surplus as an accumulated stock of concrete goods. It still remained, therefore, to bring economic science to consciously conceive of this surplus as a fund of value, expressible in terms of money, as distinguished from a stock of concrete goods.

The task was a simple one, and the searching analysis of the fundamental concepts of the science which has marked the renaissance of economic theory during the past quarter of a century prepared the way for its accomplishment. In the year 1888, within two months of each other and independently, two eminent economists, Professor John B. Clark and Professor Carl Menger, each inspired by the desire to bring economic theory into closer touch with actual business life, defined the common and practical concept of capital as a fund of value expressible in money, though not embodied in money, but embodied, rather, in concrete goods, of varied technical character, devoted to production (Clark) or at least to acquisition (Menger), not to be confounded in either case, however, with the goods themselves. While these writers thus conceived clearly of the surplus, to which they apply the name "capital," as a fund of value as distinguished from a stock of concrete goods, and thus corrected Knies's oversight, they failed, nevertheless, to grasp the fundamental and distinctive notion of capital brought out by Knies's analysis. It is manifestly not the entire surplus expressible in money, irrespective of its specific form and of any specific use to which it may be put, to which these writers give the name "capital," but only a portion of it; namely, that portion which is devoted to production (Clark) or to acquisition (Menger). It now became necessary, therefore, to combine Knies's fundamental and distinctive notion of surplusness with the notion of

a fund of value expressible in money, but not embodied in money, which Professors Clark and Menger emphasized.

This was the task to which the present writer addressed himself in the historical and critical portion of his article. The result was the capital concept with the analysis of which the article opened; namely, a fund of surplus wealth as a possession, expressible in money, irrespective of its specific form and of the specific use to which it may be put.

In a recent article¹ on "Precedents for Defining Capital," Professor Irving Fisher, while acknowledging that "this article is a step in the right direction, and will help ultimately to clear away much of the confusion which still pervades this subject," has challenged the soundness of the capital concept therein presented, though he finds the definition, if "literally interpreted," "entirely acceptable." It seems advisable to quote Professor Fisher at considerable length, in order that he may place before the reader in his own words the point at issue. He says:²—

Professor Tuttle includes under capital the value of land, dwellings, automobiles, and all considerable stores of wealth of any kind, and yet not quite all wealth. I confess I do not understand what, or rather how much, he intends to exclude. His definition of capital, "surplus wealth as a possession," although somewhat vague, seems entirely acceptable, and, if literally interpreted, is exactly equivalent to the value of the "stock of wealth (economic goods) existing at an instant of time." But the term "surplus" has been used in so many senses that it always needs interpretation. Business men use it in both income accounts and capital accounts. A natural interpretation would seem to be what still remains over and above what has been already consumed, or, in other words, what at any instant of time survives destruction. "Surplus wealth as a possession" would then mean simply surviving or existing wealth. But this interpretation Professor Tuttle expressly rejects. He omits from a stock of wealth "what is required for the satisfaction of current wants."

¹*Quarterly Journal of Economics*, vol. xviii. pp. 386-408.

²*Ibid.*, pp. 403, 404.

But it is evident that wealth used for "current" consumption must mean either what has been or is to be consumed. No finite amount can be consumed in "the present"; for the present is only a point, and all consumption requires time. If, then, surplus wealth does not mean what is left after past consumption, it must mean what is left after subtracting from the present stock some amount which is destined for future consumption. But are we to subtract what is to be used to-day, next week, next month, or next year? Unless this question be definitely answered, the restriction that capital must be a surplus seems to be little more than the Hibernian statement that no one has capital unless he has a great deal.

The writer is very grateful to Professor Fisher for the opportunity to explain the terms of his definition, which had seemed to him, mistakenly as it proves, too simple to lend themselves readily to misinterpretation. The definition of capital as a fund of surplus wealth as a possession implies, as Professor Fisher has rightly indicated, a classification of wealth based upon a distinction between the present and the future. Two categories of wealth are recognized; namely, wealth for consumption in the present—current consumption—and surplus wealth, or wealth that remains after current wants are satisfied, to which is given the name "capital." Availability for present, or current, satisfaction is the characteristic of the one, while, in Professor Marshall's phrase,¹ "prospectiveness, or the subordination of present desires to future enjoyments," is the distinguishing feature of the other.

What, then, do we mean by *the present* in economic life?

The dependence of the individual upon his material environment is not momentary, but continuous. The wants of man's nature are constantly recurring wants, and capable of indefinite multiplication and diversification. While the satisfaction of some wants admits of indefinite postponement, that of others does not. The reasonably prompt satisfaction of those wants that grow out of man's physical

¹ *Principles of Economics*, 2d edition, vol. i. p. 125.

nature—necessities—is imperative. It is evident, then, that there must be system, both in the getting of the means of want satisfaction and in the applying of the means acquired to the satisfaction of the wants; i.e., both in production and in consumption. That *unit of time* that serves as the basis of organization in the individual's economic life is what the writer conceives to be *the economic present*. The economic wants that belong to this period we call present or current economic wants; and, in the same sense, we speak of a present or current satisfaction. The production that falls within this period is present or current production, and the consumption that falls within the period is present or current consumption. In the same sense the net result of the production of this period is present or current income, and the corresponding utilization of the income in satisfying economic wants is present or current expenditure. Present or current income must be directed, primarily, toward the satisfaction of present or current wants. In case it is no more than adequate to that end, the man is said to be living "from hand to mouth." He makes no provision for the future. He lives in the present. The activities of each economic present provide barely for the wants of each economic present. Such was the condition of the savage. Such is still the condition of the large majority of men. One economic present fades into another like a series of dissolving views. The continuous economic life of the individual is lived in periods. It exists in the economic present, has behind it a past and before it a future, while it moves through a succession of economic presents to its close.

When Professor Fisher writes, "The present is only a point of time and no finite amount can be consumed in the present," is not his standpoint that of the mathematician rather than that of the economist? Of such a

conception of "the present" Professor William James says:¹—

Where is it, this present? It has melted in our grasp, fled ere we could touch it, gone in the instant of becoming. . . . It is, in fact, an altogether ideal abstraction, not only never realized in sense, but probably never even conceived of by those unaccustomed to philosophic meditation. Reflection leads us to the conclusion that it must exist, but that it does exist can never be a fact of our immediate experience.

This certainly cannot be the economic present, that undeniable fact of man's immediate experience, in which men, in their struggle with nature for the means of current want satisfaction, consciously live, work, experience the sensations of want and satisfaction, and plan for the future as well as for the present. The economic present is a period rather than a point of time.

The economic present is a species of what the psychologist calls the "specious present." In direct substantiation of the writer's view, Professor J. Mark Baldwin says:²—

+ The present is a portion of time marked off from other portions as including our actual conscious life. The length of what we regard as the present time varies according to the interest involved. A period of any length may be regarded as present, if we have no motive for dividing it into prior and subsequent portions.

Further, Professor William James puts it in this way:³—

+ The practically cognized present is no knife-edge, but a saddle-back, with a certain breadth of its own on which we sit perched, and from which we look in two directions into time. The unit of composition of our perception of time is a duration, with a bow and a stern, as it were,—a rearward- and a forward-looking end.

The economic present is not only a period, but it is a period of sufficient definiteness in each man's conscious-

¹ *Principles of Psychology*, 1890, vol. I. pp. 608, 609.

² *Dictionary of Psychology*, s. v. "Present Time."

³ *Principles of Psychology*, 1890, vol. I. p. 609.

ness to serve as the basis for the organization and administration of his individual household. It is not an absolute period, and, accordingly, its duration cannot be given as so many hours, or days, or weeks, or months. On the contrary, the period is wholly relative, and must be determined by each individual for himself. Its duration depends largely on the individual's economic condition,—his mode of economic activity and the length of the production period, the conditions under which the work is done and the terms of payment, the scope of his mental grasp and the character of the industrial system to which he belongs. To Walker's primitive fisherman, accustomed to catch each day the fish for each day's need, the economic present was, perhaps, the day. Under a highly organized industrial system the results of production become available as income to the individual participants in the productive process only at intervals of varying length. Though the stream of production is constant, the flow of income is intermittent. Many regard the interval between successive instalments of income as the economic present, whether it be the day, the week, the month, the quarter, or a period of any other length.

It is evident, then, that the consumption of wealth in the present is by no means inconsiderable. In the consumer's budget, which disposes more or less systematically of his income, a certain portion, or the entire income, perhaps, is appropriated to consumption purposes in the present. Only what is left—saved, rescued from destruction in the consumption of the present—is entitled to be called a surplus. This is capital. It connects the past, the present, and the future, and stands for the solidarity of the whole life of the man. *Its fundamental and distinctive quality is surplusness.* It fairly bristles with "prospectiveness." Imperishability is written in its very nature. It is kept in existence from age to age by

preservation, though the concrete goods that embody it perish in the using. Capital as a fund of surplus wealth is, in Professor Clark's felicitous phrase,¹ "a perpetual fund," "an abiding fund," "a permanent fund." It stands for the sacrifice of large benefits in the present in order to secure "an endless series of smaller benefits." Says Professor v. Böhm-Bawerk:²—

We live in the present, but our future is not a matter of indifference to us, and our reasonable desire is for a lasting well-being, embracing both present and future. It is only the logical carrying out of this general principle that we direct our economic activity toward the larger object of providing for our future as well as for our present well-being. In fact, the future has a large place in our business arrangements, a larger place than men generally think.

The term "surplus" in the above analysis has been permitted to retain its commonly accepted meaning. The writer cannot agree with Professor Fisher that "a natural interpretation would seem to be what still remains over and above what has been already consumed, or, in other words, what at any instant of time survives destruction." On the contrary, such an interpretation would seem to be entirely arbitrary. In the science of finance and in financial administration the terms "surplus" and "deficit" always imply the comparison of revenue and expenditure during a period of time, or, perhaps, for a given purpose; while an accumulated surplus is the aggregate of the surpluses of a succession of periods. The amount in the public treasury at an instant of time, which a flash-light photograph might reveal, would by no means be regarded as surplus, though it might properly be described

¹"Capital and its Earnings," *Publications of the American Economic Association*, vol. iii. pp. 81-149; "The Genesis of Capital," *Yale Review*, vol. ii. pp. 302-315; *The Distribution of Wealth*, chap. ix.

The writer regards Professor Clark's analysis of the nature of capital as an abiding fund "that never disappears, and that always draws interest," as, perhaps, the most notable of the many important contributions of this brilliant writer.

²*Positive Theorie des Kapitals*, p. 250.

as the amount of the revenue receipts which had not been already expended. Only that amount which remains in the treasury at the close of the fiscal period, after the revenues of the period have all been received and the expenditures of the period have all been made, is regarded as surplus. Though hundreds of millions have been currently collected and expended, if there remain at the close of the fiscal period but one penny, there is a surplus. So in the administration of private finances the individual consumer recognizes a fiscal period,—the economic present,—whether it be a day, a week, a month, a quarter, a year, or what not, and only that is surplus which remains at the close of that period, after the income of the period—present or current income—has all been received, and the expenditures of the period—present or current expenditures—have all been made. And this is capital. Whoever possesses a surplus has capital. Capital grows by the accumulation of surpluses. A man's accumulated surplus, or the aggregate of the surpluses of a succession of economic presents, constitutes his capital. It is clearly, then, an arbitrary interpretation of the term "surplus" which would employ it to signify the wealth that "at any instant of time survives destruction"; for there should be subtracted from this sum, not an arbitrary quantum, but that quantum which is destined to be consumed in the economic present. With the natural interpretation of surplus, then, surplus wealth is capital,—even the smallest surplus,—and the Hibernianism that Professor Fisher seemed to see in the writer's capital concept vanishes.

A vital difference, then, exists between the capital concept which Professor Fisher advocates and the one for which the writer is contending. The issue is this: Shall the name "capital" be given to a so-called "stock (of economic goods, or property, or the value of either) existing at an instant of time, as distinguished from a

flow through a period of time," or to a fund of surplus wealth as a possession, expressible in money? It is believed that "the behests of usage and analysis" point unmistakably to the latter concept. In the writer's judgment, Professor Fisher has eliminated from his concept nothing less than the fundamental and distinctive notion of capital, the quality of being a surplus, which has always attached to the common and practical capital concept as well as to the concept of science, though at times lost sight of through the prominence given by many writers to qualities emphasized by specific uses of portions of capital. The notion of saving, consideration for the future as opposed to the present, "prospectiveness," has always characterized the business man's as well as the economist's conception of capital.

The writer would agree with Professor Fisher's general proposition that "there are two sources to which we must look for the justification of economic terms;—first, economic usage; and, second, popular and business usage."

As to economic usage, the writer has elsewhere¹ made it clear that he is in full accord with Professor Fisher that, since the time of Adam Smith, there has been no established usage whatever. Yet, though "the dividing line between wealth which is capital and wealth which is not is totally different in each definition, and even different in each interpretation of the same definition,"² the writer is able to discern what Professor Fisher says he cannot see; namely, a common element running through them all,—an element, too, not "so vague and general as to apply to all wealth." This common element is surplusness, "prospectiveness," consideration for the future as distinguished from the present.

¹"The Real Capital Concept," *Quarterly Journal of Economics*, vol. xviii. pp. 54-96.

²"Precedents for Defining Capital," *Ibid.*, p. 390.

It is eminently fitting, in our review of economic usage, to begin with Turgot, who has given us what Professor Taussig¹ calls the first modern discussion of capital, and holds, therefore, a position of peculiar importance in the literature of this subject. Further, the writer believes, as he has stated in a former article,² that Turgot clearly recognized surplusness as the fundamental and distinctive quality of capital. As Professor Fisher has ventured to challenge the correctness of this interpretation, it seems desirable to examine in some detail the controverted passages.

"Whoever," says Turgot,³ "receives each year more value than he needs to spend, can place this surplus in reserve and accumulate it. These accumulated values are what is called capital." Turgot here expressly recognizes the year as the unit of time,—the economic present. Each year the current income is compared with the current expenditure. If the income is more than the expenditure, there is a surplus. This can be placed in reserve and accumulated. These accumulated surpluses are what is called capital. Turgot has given us a concise description of the origin, growth, and nature of capital, making it clear that he understands by capital a fund of surplus wealth as a possession, expressible in money, but not embodied in money.

In an article entitled "What is Capital?"⁴ published in 1896, Professor Fisher wrote of Turgot's capital concept as follows (the italics are mine):⁵—

Turgot regarded capital as *savings*. If this term be used to include all commodities acquired, but not yet consumed,—i.e., all in existence at any one time,—his conception agrees precisely with the one here advanced. But it would seem from the pas-

¹*Wages and Capital*, p. 127.

²"The Real Capital Concept," *Quarterly Journal of Economics*, vol. xviii. pp. 67-69.

³*Réflexions sur la Formation et la Distribution des Richesses*, section 59.

⁴*Economic Journal*, vol. vi. pp. 500-534.

⁵*Ibid.*, p. 517.

sages¹ previously quoted that Turgot meant to exclude all goods of "current" consumption. Nor did he apply the term "capital" to individual things, but to their collective value. Except for these differences . . . his conception was practically the one here proposed.

But, in the judgment of the present writer, these differences are vital. Yet, after an interval of eight years, Professor Fisher again writes:²—

I feel more doubtful now than when the above was written that Turgot meant to exclude any part of stock, as being used in "current consumption." Professor Tuttle believes that he did. If so, Turgot was, like Knies and Tuttle, guilty either of the confusion of subtracting a flow from a fund or of an arbitrary separation of stock into that to be used for the immediate future and that reserved for the more remote future.

This criticism is seemingly not well taken; for, to the present writer, Turgot is clearly innocent of the alternative charges preferred against him. His own words make it evident that he is not "guilty of the confusion of subtracting a flow from a fund"; for he expressly says that he subtracts one flow—the outflow, expenditure—from another flow—the inflow, income—during a given period. In that certainly there can be no confusion. Further, a natural interpretation would, in the writer's judgment, pronounce Turgot not guilty of "an arbitrary separation of stock into that to be used for the immediate future and that reserved for the more remote future." The designations "immediate future" and "more remote future" do seemingly indicate an arbitrary division of time, as Professor Nicholson³ has also pointed out. But, when we recall that the periods here referred to are the economic present and future, the division of time and the corresponding separation of income suddenly lose their

¹The passage here referred to is the one above quoted.

²"Precedents for Defining Capital," *Quarterly Journal of Economics*, vol. xviii. p. 396.

³*Principles of Political Economy*, vol. i. pp. 89, 90.

arbitrary aspect and seem perfectly natural as familiar phenomena of common and practical life.

But Professor Fisher does not stop here. He even attempts to make Turgot renounce the terms of his own definition and expressly include under capital "the whole stock of economic goods in existence at an instant of time." To the present writer, however, Turgot is throughout consistent with his definition, and Professor Fisher has again seemingly misinterpreted him. In Section 83 of the *Réflexions* Turgot,¹ in a recapitulation of his discussion of capital, mentions five different methods of profitably investing capital; namely, first, a landed estate (thus expressly including, as Professor Fisher has indicated, the value of land under capital), and then, in order, agricultural, manufactural, and commercial undertakings, and, finally, an interest-bearing loan. A little later, in Section 91, Turgot enumerates the different elements that make up the "riches of a nation." He says:²—

To obtain the total of a nation's riches, we must add to that [the sum of the nation's riches in landed property] the movable riches; which consist in the sum of the capitals employed in all the enterprises of agriculture, industry, and commerce and which never come out of them, since all the advances in every kind of enterprise must needs incessantly return to the undertakers to be incessantly put back into the undertaking, as otherwise it could not continue.

Then in Section 92 Turgot expressly shows that loaned capital cannot be included in the total of a nation's riches without being reckoned twice over, but that capital invested in durable consumption goods, such as furniture, jewels, plate, paintings, statues, hoards of money, should be included. Professor Fisher, however, cites a passage in which he claims Turgot expressly includes under capital, in addition to the value of land, "all the other

¹*Réflexions sur la Formation et la Distribution des Richesses*, section 83.

²Ashley's translation is here used.

movable property' except debts." The passage runs as follows:¹—

But though we cannot include, in calculating the riches of a nation, the capital which corresponds to the interests of money placed on loan without reckoning it twice over, we ought to include *all the other movable property, which*, although they formed originally the occasion of expenditure and bear no profit, nevertheless *form, from their duration, a true capital* which is constantly accumulating and which, inasmuch as it can at need be exchanged for money, makes, as it were, a reserve fund, which may enter into commerce, and, when one pleases, make up the loss of other capitals. Among these may be mentioned furniture of all kinds, jewels, plate, paintings, statues, ready money shut up in the chests of misers: all these things have a value, and the sum of all these values may reach a considerable amount in rich nations; but, considerable or no, it is still true that it ought to be added to the sum of the price of landed estates, and to that of the advances circulating in enterprise of every kind, in order to make up the sum total of the riches of a nation.

It is evident from the above passage that the phrase "all the other movable property," which Professor Fisher apparently regards as unrestricted in its scope, is restricted by the clause "which . . . form, from their duration, a true capital, which is constantly accumulating," etc. Turgot, then, manifestly does not include under capital "all other movable goods," which would comprise perishable consumption goods as well as the use of durable consumption goods (to be distinguished from the goods themselves) which has a value of its own and can be currently consumed; for all these are articles of current consumption and perish in the using. Further, Turgot evidently does not include such things in the total riches of a nation. However, in including under capital the value of durable consumption goods, Turgot, as the writer has elsewhere²

¹"Precedents for Defining Capital," *Quarterly Journal of Economics*, vol. xviii. pp. 396, 397.

²"The Real Capital Concept," *Quarterly Journal of Economics*, vol. xviii. pp. 66, 69.

shown, is perfectly consistent with his definition. With Turgot, as he expressly says near the close of his treatise, capital is "nothing but the accumulation of the part of the values produced by the land that the proprietors of the revenue, or those who share it with them, can lay by every year without using it for the satisfaction of their wants."¹ To the writer, then, all reference to Turgot as one who "closely identified capital and stock," as Professor Fisher conceives "stock," seems entirely misleading.

While Adam Smith did not recognize surplusness as the distinctive quality of capital, yet that quality clearly attaches, in a fundamental way, to his capital concept. But let Adam Smith speak for himself. He says:²—

When the stock which a man possesses is no more than sufficient to maintain him for a few days or a few weeks, he seldom thinks of deriving any revenue from it. He consumes it as sparingly as he can and endeavors by his labour to acquire something which may supply its place before it be consumed altogether. His revenue is, in this case, derived from his labour only. This is the state of the greater part of the labouring poor in all countries.

But when he possesses stock sufficient to maintain him for months or years, he naturally endeavours to derive a revenue from the greater part of it; reserving only so much for his immediate consumption as may maintain him till this revenue begins to come in. His whole stock, therefore, is distinguished into two parts. That part which, he expects, is to afford him this revenue, is called his capital. The other is that which supplies his immediate consumption.

In the above passage, Adam Smith comes so close to the recognition of surplusness as the distinctive quality of capital that one queries whether this were not his real intention. Yet closer scrutiny seems to reveal that existence as a surplus, though essential, was not of itself enough to entitle wealth to be called capital. Surplus wealth, to be capital, must in his view have the quality

¹Ashley's translation of the *Réflexions*, section 100.

²*Wealth of Nations*, Book II. chap. I.

of productiveness or, at least, acquisitiveness. It was this undue emphasis laid upon qualities, which, though important as indicators of the possibilities of capital in certain direction, are not fundamental, that introduced the capital controversy. Had Adam Smith, like Turgot, recognizing in surplusness the fundamental and distinctive idea of capital, regarded surplus wealth expressible in money as capital, and then enumerated, analyzed, and illustrated different possible uses to which capital can be advantageously put, there would have ensued no controversy over the scope of the concept.

The other writers, grouped by Professor Fisher with Turgot and Adam Smith as "the classical authors," namely, Ricardo, Malthus, Mill, Senior, McCulloch, Say, and Roscher, are, with the exception of Say, true followers of Adam Smith in that they recognize surplusness as a fundamental, though by no means distinctive, quality of capital. Capital is represented by each of these writers as an accumulated stock of concrete goods, the result of saving, not, however, the aggregate surplus of income which has not been currently consumed, but only a portion of it. Say alone must be regarded as a follower of Turgot in that he recognized surplusness as the fundamental and all-determining quality of capital.

One may go further, and divide all writers on capital after Turgot into two principal groups: the one to comprise those writers who, either directly or indirectly, recognize surplusness as a fundamental quality of capital, and the other to comprise those who do not, or better, perhaps, those who regard "existence at an instant of time" as the distinguishing characteristic. The first group will be found to embrace not only the classical writers above mentioned, but the large majority of all other writers on this important subject, notably such names as Jevons, Carl Knies, Böhm-Bawerk, John B. Clark, Carl Menger,

Alfred Marshall, J. S. Nicholson, F. W. Taussig, and T. N. Carver; while the second group will be found to contain not one of "the classical writers," and only a small minority of the others. The only names recognized by Professor Fisher as with certainty belonging to this group, besides his own, are J. G. Courcelle Seneuil,¹ Edwin Cannan,² A. T. Hadley,³ and William Smart.⁴ But F. A. Fetter⁵ should be added. The first group may be further divided into two sub-groups, according as the writers do or do not recognize surplusness as the distinctive idea of capital. To the first sub-group belong Turgot, Jean Baptiste Say, Carl Knies, and J. S. Nicholson; while to the second belong Adam Smith and all the other writers of the group except the four just named.

Yet Professor Fisher expressly names, as among those who "virtually or nearly adopt" his conception of capital, Carl Knies⁶ with his "existing stock of goods (whether for consumption, acquisition, or production) which is available for the satisfaction of wants in the future," Professor Clark⁷ with his "permanent production fund," Professor Nicholson⁸ with his "three species of capital, in each of which a different quality is emphasized according as we consider (1) the yield of a revenue, (2) the production of more wealth, (3) the reservation of means for future enjoyment," thus suggesting "some root-idea from which these three branches spring," which is formulated in the definition: "Capital is wealth set aside for the satisfaction—directly or indirectly—of future needs." It is evident that

¹*Traité Théorique et Pratique d'Économie Politique*, Paris, 1867.

²*A History of the Theories of Production and Distribution in English Political Economy*.

³*Economics*.

⁴*The Distribution of Income*.

⁵"Recent Discussion of the Capital Concept," *Quarterly Journal of Economics*, vol. xv. pp. 1-45.

⁶Knies, *Das Geld*.

⁷*The Distribution of Wealth*, chap. ix.; "Capital and its Earnings," *Publications of the American Economic Association*, vol. iii. pp. 81-149; "The Genesis of Capital," *Yale Review*, vol. ii. pp. 302-315.

⁸*Principles of Political Economy*, vol. i. p. 91.

the conception of none of these writers is "virtually or nearly" identical with the conception which comprises "all the economic goods in existence at a given instant." While Professor Clark would eliminate from such a "stock" all wealth not devoted to production, Professors Knies and Nicholson would eliminate those goods which are designed for the satisfaction of wants in the present as distinguished from the future.

But there is a certain ambiguity attaching to the term "stock" which, in the writer's judgment, vitiates Professor Fisher's definition of capital and particularly his estimate of the place his concept holds in scientific and in common and practical usage. This ambiguity has apparently led Professor Fisher to underestimate the really vital difference between his capital concept and others with which he compares it. Before reviewing Professor Fisher's analysis, therefore, it is imperative that one should note at least two important senses—a broader and a narrower sense—in which the term "stock" is used; namely, that of the existing quantity of anything at an instant of time, and that of an accumulated surplus of anything at the close of a period of time.

Professor Fisher, in his definition of capital, evidently uses the term "stock" in its broader sense to signify the total quantity of economic goods existing at an instant of time. This, also, is the sense in which Adam Smith uses the term when he speaks of a man's whole "stock" as "distinguished into two parts. That part which he expects is to afford him this revenue is called his capital. The other part is that which supplies his immediate consumption."¹ This latter part is said to

consist either, first, in that portion of the whole stock which was originally reserved for this purpose; or, secondly, in his revenue,

¹*Wealth of Nations*, Book II. chap. ii.

from whatever source derived as it gradually comes in; or, thirdly, in such things as have been purchased by either of these in former years, and which are not yet entirely consumed; such as a stock of clothes, household furniture, and the like.¹

Travers Twiss, commenting on Adam Smith's use of the term "stock," says:—

Adam Smith was doubtless correct in considering the annual consumption of almost every owner of stock to be supplied partly from the reserved produce of the labour of former years, *i.e.* his stock; partly from the incoming produce of the labour of the present year, *i.e.* his revenue; but the classing of the incoming revenue serving for immediate consumption under the head of stock seems to be at variance with the previous division of produce, upon which the definition of stock is based. Revenue, as it gradually comes in, is incoming produce; stock is accumulated produce; that portion of stock, which is consumed as it comes in, is never accumulated; it therefore cannot form, correctly speaking, a part of a man's stock, which is the aggregate surplus of revenue which has not been immediately consumed. The propriety, likewise, of confining the term capital to that portion of a man's stock which is actually employed in increasing the productiveness of labour, has likewise been questioned, with good reason.

In this critical comment Travers Twiss has brought out another important sense—a narrower sense—of the term "stock"; namely, that of an accumulated store, an accumulated reserve, "the aggregate surplus of revenue." In other words, Travers Twiss has defined stock to mean exactly what the writer would designate by the term "surplus." Further, this is a very common use of the term both in economic literature and in common and practical life.

An illustration may serve to make clear the difference between these two uses of the term "stock."

To illustrate Professor Fisher's idea of "stock," imagine a reservoir with an inflowing and an outflowing stream of

¹Travers Twiss, *View of the Progress of Political Economy in Europe since the Sixteenth Century*, London, 1847, p. 186.

water. The "stock" of water, in his view, would be the entire quantity of water existing at an instant of time, and would comprise the water in the reservoir as well as that in the inflowing and outflowing streams. The "stock" of water increases or decreases from one point of time to another, according as the inflow is greater or less than the outflow. To adapt the illustration, instead of a water imagine a wealth reservoir,—the consumer's purse in a broad sense,—with an inflow of net income and an outflow of consumption expenditure. "Stock" would, in Professor Fisher's view, comprise the entire quantity of wealth existing at an instant of time, and would include the wealth in the purse as well as the net income due and on the way to the purse and the expenditure already incurred, in so far as the goods had not actually been consumed, as, for example, the "dinner on the table" and the "cigar in the smoker's mouth." To such a "stock" Professor Fisher gives the name "capital," and says:¹—

The simplest proposition of capital is that it increases or decreases from one point of time to another, according as its inflow is greater or less than its outflow.

On the other hand, to illustrate the narrower conception of "stock," imagine, instead of one, two reservoirs, A and B, reservoir A with an inflowing and an outflowing stream of water, and reservoir B so connected with reservoir A as to receive any excess—surplus—of the inflow over the outflow. Now the stock of water, according to the narrower view, would be the amount of water in reservoir B; for stock of water is accumulated water, and that portion of water that flows out as it flows in is never accumulated. It, therefore, cannot form, correctly speaking, a part of the stock of water which is the aggregate surplus of water. To adapt the illustration, imagine two wealth reservoirs,

¹"The Role of Capital in Economic Theory," see the *Economic Journal*, vol. vii. p. 513.

the consumer's purse with two compartments, which for convenience we may name A and B, compartment A receiving directly the inflow of net income and supplying directly the outflow of consumption expenditure, while compartment B receives any excess—surplus—of the inflow over the outflow. The man's stock of wealth, in the narrower sense, would in this illustration be the amount of wealth in compartment B; for a stock of wealth is accumulated wealth. That portion of net income which is paid out as it comes in is never accumulated. It therefore cannot form, correctly speaking, a part of a man's stock of wealth which is the aggregate surplus of net income over consumption expenditure.

To such a stock or fund of wealth the writer would give the name "capital." This is the fund of surplus wealth, expressible in money, which is under discussion. It does not comprise all wealth existing at an instant of time, but only a portion of it; namely, that portion which is properly characterized by the quality of surplusness.

With the two important senses¹—the broader and the narrower sense—in which the term "stock" is used clearly in mind, and remembering that Professor Fisher, in his definition of capital, uses the term in the broader sense, let us return to his analysis. He says:²—

Abandoning, then, the impossible task of discovering what is the accepted economic usage, let us turn to the usage of the business man and the general public which is innocent of political economy. It will surprise many academic economists, as it certainly did me, that a study of this phase of the subject shows: (1) that before Adam Smith no precedent is found for definitely and avowedly dividing "stock" (in the broader sense) into two parts, only one of which is capital, but that "stock" (in the broader sense) and capital were practically synonymous; (2) that the definitions before the time of Adam Smith, while they all conflict

¹ Besides these two the term "stock" has other restricted meanings which must be determined from the context.

² *Quarterly Journal of Economics*, vol. xviii. pp. 391, 392.

with him and most other economists, are in substantial agreement with each other; (3) that the present popular and business usage continues to follow the pre-Smith usage, almost wholly undisturbed by the economist; (4) that this continuous popular and business usage for three hundred years seems always consistent with, and in many cases specifically identical with the conception of capital here advocated ("stock" in its broader sense).¹

On the ground that "the best index of usage is in the work of lexicographers, they being the ones who have sought from time to time to record it," Professor Fisher bases his study on a "comparison of seventy-two dictionaries in the Yale University library." He finds that the earliest dictionaries define capital as "the principal of a debt." It was the principal of a money loan as distinguished from the interest. But let us ask ourselves the question, Is there not implied here a definite and avowed division of "stock" (in the broader sense) into two parts, only one of which is capital? Is capital, according to this definition, "practically synonymous" with "stock" (in the broader sense)? It is perfectly evident that "stock," in the sense of the entire quantity of goods a man owns at a given instant, cannot be made the "principal of a debt,"—is not loanable wealth,—but only a portion of it; namely, what he can spare, or, in other words, the accumulated surplus of his net income over his consumption expenditure. But this is stock in the narrower sense.

But Professor Fisher finds² "a second and broader meaning" of capital; namely, "the value of stock in trade," or "the term is applied to the sum originally put into the trade instead of to what may exist at the moment," or

¹ It should be noted here that Professor Fisher does not indicate the sense in which he uses the term "stock." Presumably, he uses it in the broader sense. The query is continually in the writer's mind whether throughout Professor Fisher's discussion of capital there may not be an unconscious lapse from the broader into the narrower sense of the term "stock."

² *Quarterly Journal of Economics*, vol. xviii. pp. 392, 393.

"'capital' is applied to the sum permitted in the charter." Here, again, is implied a definite and avowed division of "stock," in the broader sense, into two parts, only one of which is capital; for it is evident that no man can invest in trade the entire quantity of wealth he owns at an instant of time, as many a man of large income can testify. Unless he can accumulate a surplus of net income over his consumption expenditure, he can have no capital in the sense of "the value of stock in trade." In other words, surplusness is the fundamental idea of "stock," and consequently of capital defined in terms of "stock," even according to these definitions.

"But," says Professor Fisher, "if there be still doubt whether any authorities intended to extend the use of the term outside of 'business,' it is dispelled by the following definitions." Here six definitions are cited.¹ In three of these capital is expressly defined as "a stocke, a man's principall or chiefe substance," or "the stock of valuable exchangeable commodities possessed by individuals or a community." In the writer's opinion, the context reveals that the term "stock" is, in these definitions, used in the narrower sense, thus implying again a division of "stock" in the broader sense into two parts. In a fourth definition, capital is said to be "the name commonly given to every amassed sum, and more particularly to those which, invested or loaned out, are able to produce interest." Here, again, capital is employed to signify only a portion of "stock" in the broader sense. As to the lexicographer's real meaning in the other two definitions cited,² there seems to be some ground for doubt; but they were pub-

¹*Quarterly Journal of Economics*, vol. xviii. pp. 394, 395.

²The two definitions quoted are:—

1678, Dufresne du Cange, *Glossarium*.—"Capitale dicitur bonum omne quod possidetur; praesertim vero bonorum species illa, quae in pecudibus consistit."

1883, Simonds, F. L., *The Commercial Dictionary of Trade Products, Manufacturing and Technical Terms*. . . London. "Capital, the amount of money or property subscribed or employed in a joint-stock association; the money assets invested in business by a trading firm or individual; the net worth of a party."

lished more than two centuries apart, and would hardly seem, in any case, to sustain the conclusion that in the genesis of the term "capital" it became finally applied "to any fund or stock whatever."

It is clear, then, in the light of the above analysis, why the writer is unable to accept Professor Fisher's first conclusion; namely, "that before Adam Smith no precedent is found for definitely and avowedly dividing 'stock' (in the broader sense) into two parts, only one of which is capital, but that stock (in the broader sense) and capital were practically synonymous." On the contrary, though capital was frequently defined in terms of "stock," and thus apparently implied no separation of "stock" into two parts, we find that the term "stock" was used in the narrower sense of an accumulated fund,—a surplus,—and not in the broad sense of "all the economic goods in existence at an instant of time," the meaning Professor Fisher gives to the term in his definition of capital.

With this interpretation of the term "stock" the writer is able to agree with the second and third points in Professor Fisher's conclusion;¹ namely, "(2) that the definitions before the time of Adam Smith, while they all conflict with him and most other economists, are in substantial agreement with each other," and "(3) that present popular and business usage continues to follow the pre-Smith usage, almost wholly undisturbed by the economists."

But the writer decidedly takes exception to the fourth point in Professor Fisher's conclusion; namely, "that this continuous popular and business usage for three hundred years seems always consistent with and in many cases specifically identical with the conception of capital" advocated by him. To be sure, capital has usually been defined in terms of "stock"; but the term "stock" has

¹"Precedents for defining Capital," *Quarterly Journal of Economics*, vol. xviii. pp. 392, 393.

been used in the narrower sense, while Professor Fisher uses it in the broader sense. If our analysis has revealed anything, it is this: that the quality of being a surplus—surplusness—is the fundamental idea embodied “in this continuous popular and business usage for three hundred years,” while, according to Professor Fisher’s conception, mere existence at an instant of time is the root-idea of capital.

Professor Fisher finally gives citations from five dictionaries published within the last thirty years, which, owing to “the influence of the economist” “find it necessary to distinguish between capital as used in ‘commerce’ and capital as used in ‘political economy.’” He finds that “in commercial and popular use” capital is defined in terms of “stock”; but he fails to call attention to the significant fact that in every instance the term “stock” is used in a restricted sense. There is not even a suggestion in these definitions that the term “capital,” “in commercial and popular use,” is used to signify “stock” in the broader sense of “all commodities in existence at a particular instant,” in terms of which Professor Fisher defines “capital.” “Existence at an instant of time” is characteristic of all wealth; but that portion of wealth which is called capital must not only exist at a given instant, but it must exist as a surplus. Surplusness is the characteristic which marks wealth as capital. Further, in every instance cited by Professor Fisher, in which capital is defined in terms of “stock,” surplusness is found to be the fundamental idea of “stock.”

As the present writer has elsewhere maintained,¹ a fund of surplus wealth expressible in money is capital, irrespective of the specific concrete form in which it may momentarily be embodied and of the specific use to which it may be put. It is capital simply as a surplus. It exists in land, in production goods of all sorts, in durable

¹*Quarterly Journal of Economics*, vol. xviii. pp. 54-96.

consumption goods, and in stocks of perishable consumption goods. It is a significant admission when Professor Fisher says,¹ "The only point on which some of them [business men] hesitate is whether or not all articles in consumers' hands are capital." The fact is that "the supplies on the table of the man bolting his dinner" and the "cigar in the smoker's mouth" are not commonly regarded as capital, nor is any portion of that wealth which is set apart for consumption uses in the economic present commonly so regarded.

Careful book-keeping, which Professor Fisher thinks would reveal the correctness of his conception of capital, would, in the present writer's judgment, only make its fallacy the more obvious. If a private family should "draw up a balance sheet, entering all its property, such as house, furniture, provisions, etc.," giving the market value of each item "on the one side, with the debts on the other," the business man would call the balance of assets over liabilities not "capital," but wealth.² The total fund of value that a man owns at a given moment is wealth. It is what he is worth. It determines his "condition of relative well-being" at that moment. But book-keeping is for a period, not for an instant of time, and it at once becomes necessary to divide this fund of wealth into two parts, the one to be devoted to consumption purposes in the economic present, and the other, surplus wealth or capital. It will be necessary, therefore, to keep three distinct accounts; namely, an income account, a consumption expenditure account, and a capital account. Capital is a surplus fund, and must be kept intact. To the end of its preservation its individuality must be recognized. It must be treated as a distinct fund, separate from income and from consumption expenditure. It is,

¹*Quarterly Journal of Economics*, vol. xviii. p. 400.

²"The Wealth Concept," *Annals of the American Academy of Political and Social Science*, vol. i. pp. 615-634.

indeed, a fund as distinguished from a flow, and the two should not be confounded. Its existence is not for the instant merely, but forever. A conception of capital which would break down the vital distinction between the economic present and the economic future, and take out of capital the idea of surplusness—"prospectiveness"—which has always attached to the concept, would be in the highest degree confusing. The ideas of "stock" and "flow" can be adequately exploited without such a "breach with tradition," and with common and practical usage, as is involved in the proposed conceptions of "capital" and "income." Such a revolution in economic terminology, instead of "removing certain verbal obstacles which now block the way to important ideas," would render mutual understanding well-nigh impossible. The idea of "the existing stock of economic goods," or, perhaps, fund of wealth, as opposed to "a flow of economic goods," or, perhaps, wealth, "through a period of time," may have importance for certain problems, and certainly lends itself particularly well to mathematical presentation. But, in the judgment of the present writer, the conception of capital as a permanent fund of surplus wealth as opposed to interest, its peculiar flow through an endless succession of periods, does not, as Professor Fisher seems to think, run athwart his idea of the distinction between a "stock" and a "flow," but parallel with it, and has its own peculiar problems.

Another illustration in point is afforded by Professor Fisher's use of the term "income."¹ In his conception of "income" he has broken with tradition and with common and practical usage as completely as in his capital concept. It strikes one as peculiarly strange and revolutionary to be told that "all income consists of services," and that "every article of wealth yields an 'income,'"

¹"The Role of Capital in Economic Theory," *Economic Journal*, vol. vii. pp. 522-536.

that the dinner on the table yields an "income" to the one who eats it. Such a conception of "income" obscures the fundamental distinction between production and consumption. Production is commonly regarded as the source of income, and consumption as the source of expenditure. Yet, should we grant Professor Fisher, for the moment, his peculiar view of "income," he would find it necessary still to distinguish between a fund of wealth which yields all its so-called "income" in the present and another fund which yields a perpetual series of smaller "incomes." While mere existence as wealth makes it possible for the owner to buy an "income" in the present, only surplus wealth (capital) can be employed to buy an income forever (interest). In other words, the owner of a fund of one hundred dollars can use it to buy a perpetual "income" of five dollars per year only in case he does not need it to buy a present "income" of one hundred dollars. The problem of present so-called "income" from wealth and that of a perpetual income from capital as a fund of surplus wealth would still exist as two distinct problems.

The ground on which Professor v. Böhm-Bawerk rejected Professor Knies's definition of capital is identical with that on which Professor Fisher has rejected that of the present writer; namely, that it is based on an arbitrary distinction between the present and the future. But it is interesting to note that Professor v. Böhm-Bawerk shortly devoted an entire chapter¹ to the fundamental importance of that very distinction in economic life, and finally founded his theory of interest upon it. It is not surprising that Professor v. Böhm-Bawerk's critics² have called attention to the fact that "he reached a correct theory of interest only by abandoning his elaborately prepared definition of capital." It is, indeed, more than possible that Professor

¹*Kapital und Kapitalsins*, vol. ii. pp. 248-298.

²Irving Fisher, "The Role of Capital in Economic Theory," *Economic Journal*, vol. vii. p. 523.

v. Böhm-Bawerk received the suggestion of his theory of interest from his distinguished teacher. At the close of his critique on Professor Knies's conception of capital he says:¹—

But to be perfectly fair I must expressly acknowledge that there is a deep and significant idea at the basis of it, and that if his conception falls short, it is only because of external difficulties which belong, if I may be allowed the expression, to the technique of conception. Devotion to the service of the future is, indeed, a peculiarly important characteristic of the goods we call capital, a characteristic which gives us the key to the most important problems connected with the name. Only it is not exactly the distinguishing characteristic, but one that those goods which we call capital share with some other goods which we have good reason for not reckoning as capital, and for that reason—and for that reason only—it is not fitted to serve as the constitutive and distinctive ground on which to base our definition.

It is, indeed, unfortunate that Professor v. Böhm-Bawerk could not have rid Knies's capital concept of "the external difficulties belonging to the technique of the conception," recognizing, as he did, the fundamental importance of the underlying distinction, even going so far as to utilize that distinction in his interest theory. Though surplusness is a fundamental characteristic of the conception to which he gives the name "capital"—namely, "the aggregate of intermediate products"—it is not its distinguishing characteristic. Failing to recognize it as the distinctive characteristic of capital, he naturally did not adopt it as the "constitutive and distinctive ground on which to base his definition." Consequently, Professor v. Böhm-Bawerk failed to construct a conception of capital which should serve as a logical foundation for his theory of interest.

The general conclusion to which our study brings us is that the quality of being a surplus is a fundamental notion which has always attached to the capital concept in com-

¹*Kapital und Kapitalsins*, vol. ii. p. 51.

mon and practical life, and, with but few exceptions, to that of economic science, also. Though one can count upon the fingers of one hand the writers who have as yet consciously recognized it as the distinguishing characteristic, and have defined the bounds of the capital concept accordingly, yet the fact of its well-nigh universal recognition as the fundamental notion of capital is full of significance. It is to be expected that different writers, from their various standpoints, will continue to emphasize in the future, as they have done in the past, different aspects or qualities of capital. Some will continue to think and speak of capital as loanable wealth—a loan fund, the principal of a debt—on account of their peculiar interest in the relation of capital to credit. Others will speak of capital as a “production fund,” others as an “acquisitive fund,” and still others as a “durable consumption fund.” Only in the conscious recognition of the fact that these seemingly different concepts are but different species of the genus capital, that the fundamental quality of surplusness, which is common to them all, makes them all kin, is the solution of the capital controversy to be found. Through such a recognition it becomes possible to think of capital as “an abiding fund” of surplus wealth, expressible in money, but not embodied in money, differing from a stock of concrete goods in that it does not perish, but is ever present, not only to facilitate the work of man, not only to increase his means of enjoyment, but to make his unending progress possible.

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INDUSTRIAL POOLING AGREEMENTS.

POOLING agreements are occasionally brought to light by the courts; but a large number live and die in obscurity, without interference, and without attracting attention from the general public. This form of combination has been strengthened and extended simultaneously with the growth in size of our manufacturing companies. The present industrial combinations, which succeeded the downfall of the trust organizations condemned by the courts more than a decade ago, have not obviated the necessity for these pooling agreements. As a matter of fact, they seem at the present time rather to have stimulated a revival; for a considerable number of combinations are now parties to the very form of agreement which they were expected to supersede. For this reason, as an important factor in the determination of prices, especially at this present time of low ebb in the fortunes of the combinations formed in 1899-1900, the character and power of these agreements deserve study.

Certain features are common to nearly all forms of pooling. Manufacturers desiring to form a pool usually create an unincorporated organization, such as the Bessemer Steel Association, the Merchants' Ore Association, or the Steel Rail Association. All agree to maintain a schedule of prices fixed by the association, and to limit their production accordingly. Each manufacturer is allowed to produce (or sell) only a certain percentage of the whole output, depending upon the capacity and advantages of his plant. To prevent violation of the agreement, a money deposit is often required from each, forfeitable to the association. In many of the more intricate cases, the agreement is drawn up by counsel in New York, Pittsburg, or Chicago, the lawyers' offices being used as headquarters for the association. The duties of the legal

firm often include, at the same time, the auditing and verification of reports from the various companies. To do this work, a large force of expert accountants may be employed. A fine is imposed where these reports show a production greater than the allotted percentage, and a corresponding bonus is given to plants producing less than their allotment.

The regular meetings of the representatives of the constituent companies are held usually in November or December, in order to adjust prices and allotments for the ensuing year. On account of the non-enforceability of the agreement the minority must be treated fairly. Their withdrawal would mean the breaking up of the association. The money deposit restrains the members from withdrawal only when under slight provocation. The affairs of the pool are handled by the united action of the ablest men in the business. Each owner can manage and develop his own plant, with every inducement to reduce expenses. He knows very closely the amount of his annual output, so that the most economical production would seem possible under such an arrangement.

Territorial division of the market was a feature of the railroad pools, but has not been adopted by many industrial associations. This end is sometimes loosely accomplished by making all factory prices uniform, and adding the freight from factory to selling place to obtain the price at that point. Thus, in the iron and steel associations, prices are usually figured from a base price at Pittsburgh. The amount of the freight from this base to the selling point must be added to the base price, to obtain the selling price. For example, if the Pittsburgh base price of steel plates is \$1.40 per hundred pounds, and the freight from Pittsburgh to Iowa is 35 cents, the price in Iowa is \$1.75, whether a Chicago or a Philadelphia concern does the selling. This operates to prevent waste in transportation by keeping shipments moving in directions away from the base point. Shipments made toward it suffer a loss in selling value as well as by reason of the expense

for freight. Only very strong local interest can secure such a schedule, increasing still further the strength of its position.

Several pools have omitted the feature of percentage allotment, and have placed a tax upon all manufacturing. These are familiar, as they have come before the courts. In the case of the Candle Manufacturers' Association,¹ formed in Ohio in 1880, the members were required to pay into the treasury 2½ cents for every pound of candles sold. A more modern pool, the Addystone Pipe and Steel Company, had an elaborate system by which it fixed the price that a city should pay for pipe, and then gave the contract to the member offering to pay to the pool the highest amount for it. The others put in bids to cover appearances, but took care to name a higher price than that agreed upon. Certain companies were permitted to take all the contracts let by large cities near them, called "reserve" cities. In 1899 the Sherman Act was successfully invoked to terminate this arrangement.²

An entirely different form of avoiding competition is through the adoption of a joint sales agent. The various firms agree to sell only through a certain agent or selling corporation. This agent contracts with each firm separately, but guarantees a uniform selling price. He also disposes of the goods from different firms in a given ratio. This ratio may be fixed or may vary with agreed conditions. An exported article would be advantageously controlled in this way. An arrangement of the same sort is most common in the case of articles not patented, and of long established use and approximately standard design. The Union Blue Stone Company³ in this way effected all the sales for the Blue Stone Association, fixing the price to be charged and the quota to be furnished by each member.

Still another form of pool is based upon patents essential to the manufacture of the article. The patentee sells

¹ 47 Ohio State, 320.

² 20 U. S. 97.

³ 164 N. Y. 401.

the rights of use, for a uniform royalty, to all who apply. He also limits the quota to be produced by each firm, above which amount the royalty increases rapidly. Various ways by which patents may be used to control production have been adopted. Thus, for example, the United States Consolidated Seedless Raisin Company was an association of nine California firms, owning all the patented raisin-seeding machinery. Members of the company paid a royalty of $\frac{1}{2}$ cent per pound, but outside firms were to pay $\frac{1}{2}$ cent. This form of agreement the courts have upheld as legal.¹ In another case—that of the National Harrow Company—the manufacturers agreed to pay to the owner of the patents, \$1 royalty on each harrow sold, and \$4 additional on every harrow sold for less than a stipulated price. This form of agreement, unlike the preceding one, was held to be unenforceable at law.²

It is common knowledge that pooling agreements of one sort or another are numerous at the present time, but the secrecy with which they are guarded makes it difficult to discover their real extent and character. A single New York law firm, a few months ago, making a specialty of these associations, superintended no less than thirty-nine, each covering some manufactured product in the metal trades. But pools are not restricted to the iron and steel business. They cover a wide range of industry. A part of Mr. C. M. Schwab's testimony before the Industrial Commission bears upon this point.³

In the iron and steel trade, however, there would seem to be the majority of these pooling associations and price agreements in operation. As soon as the ore is dug, it is

¹126 Fed. Rep. 364.

²76 Fed. Rep. 667.

³*Industrial Commission Report*, vol. xiii. p. 474: "The steel rail pools were simple price agreements between the managers of the various works, to sell rails at the same price at the same point.

"Q. For manufacturers before the organization of the United States Steel Corporation were similar arrangements existing?

"A. Yes: in all lines of business, not only in steel, but in everything else. There were similar agreements, known as joint agreements, to maintain prices. They have existed in all lines of business as long as I can remember."

regulated by an association. The "independent" ore producers have organized the Merchants' Ore Association of Cleveland, which adjusts their relations with each other and with other ore producers, such as the United States Steel Corporation. The association attempts to establish the price of the various grades of iron ore and to state to each "independent" the maximum amount of ore that it may produce. The price must be satisfactory to the Steel Corporation. The Merchants' Ore Association naturally desires low prices to enable it to sell the largest possible amount of product. With the steel makers owning ore deposits, the price is largely a matter of book-keeping; but the endeavor is, nevertheless, to keep it high, in order to raise the cost of production for rival steel mills not owning mines. The price of Bessemer ore for 1903 was \$4.50 per ton.¹ For 1904 the association wished it to be between \$3.25 and \$3.80, while the Steel Corporation demanded that \$4 be the price, threatening to sell ore itself. The Ore Association was, however, allowed to fix it at \$3.50, although several of its members made long-term contracts to deliver at a sliding scale price, fluctuating with the price of pig iron. This made it impossible for the association to adjust the allotments satisfactorily, and its continued existence was threatened.²

Concerning the next stage of manufacture above mining,—namely, of pig iron,—there are also price agreements among the furnace men, who have formed the Bessemer Pig Iron Association. A pool based on steel ingot production was attempted unsuccessfully. Steel billets, however, we find pooled in 1896, and again since 1900. The heavier materials—steel rails, beams, channels, angles, bars, plates of all kinds, shafting axles and rods, wire and wire fencing—are likewise all priced by pools. Among the lighter forms covered by such agreements are chains, nuts, bolts, steel hoops, and bands, pipes and tubing, and hardware. A prominent retail hardware firm stated to

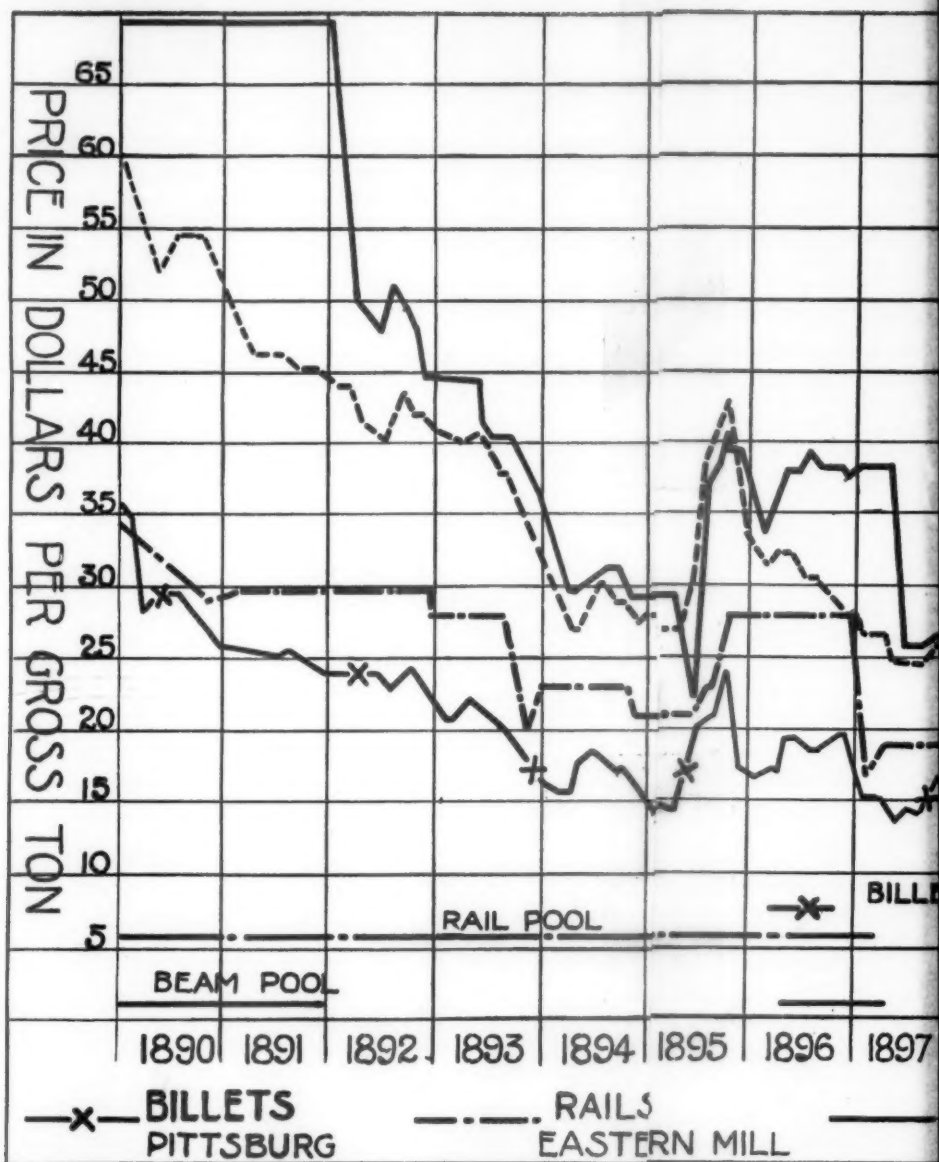
¹ *New York Journal of Commerce*, April 22, 1904.

² *Iron Age*, May 5, 1904.

the writer that the hardware manufacturers had agreements as to prices covering practically everything in the store, "all shelf hardware" in fact. Judging from the iron business, we may expect to find pooling agreements developed up to the point where trade-marks, style, or individual reputation, become predominant considerations in making a market for the goods.

Four of the most important steel products—billets, rails, beams, and plates—have been specially selected in this study for more detailed analysis as to the effect of pooling upon prices. The appended diagram has been prepared to show the range of prices since 1890. Only a very brief review of the pools that existed during these years can be given. Were a detailed history of their operations available, the problem presented by their existence might be dealt with more intelligently.

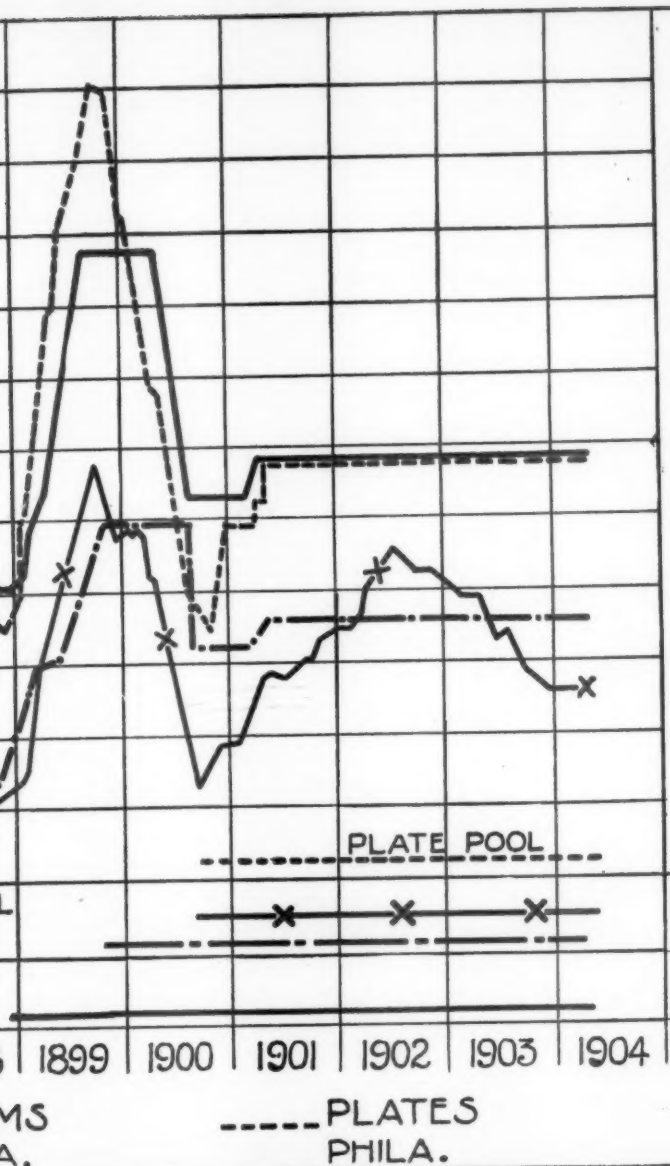
The first billet pool was formed in April, 1896, as an attempt to remedy the extreme fluctuations in price of the year 1895. The Bessemer Steel Association, as it was called, allowed to each firm a percentage of the billet business of the country, estimated at 4,500,000 tons, and imposed a fine of \$2 per ton for any excess produced. The association immediately fixed the selling price considerably higher than demand justified, at \$21.50. Outside firms promptly took orders at \$19.50; and there was also much selling contrary to the agreement by insiders, thereby weakening the pool from the beginning. Moreover, it was possible for the larger firms to avoid the fines for overproduction by converting the steel billets into finished shapes before selling. The pool was so very ineffective that a reorganization followed; but even then the agreement could not maintain prices against a demand refusing to accede to the high figure. As the agreement applied only to Bessemer steel, the open hearth steel production was greatly stimulated. An additional open hearth capacity of 500,000 tons and a score of new outside converters helped break up the pool. The guarantee fund of \$5,000 failed





PRICE CHART FOR ROLLED STEEL

SEE IRON AGE JANUARY 1898 TO 1902



to prevent its collapse in December, prices falling to \$15. The pool had sacrificed what business there was, and had brought out an array of new competitors.¹

In 1899 the price of billets rose wildly from \$16 to \$38 per ton, and in 1900 fell no less abruptly to \$16. The billet makers decided that they must attempt another agreement.² A base price of \$19.40 was established, which was easily held, as prices began to rise. But the sliding scale device for fixing the price of billets became an important factor in 1901, the price being found by adding the cost of conversion to the price of pig iron. For instance, if the price of pig iron lies between \$16 and \$17 per ton, the price of billets is found by adding \$6.50. The larger manufacturers adopted this scale, and the subsequent existence of the billet pool has been nominal. Price agreements have been made, and hold or fail as the demand varies. The nominal price of \$28, agreed upon by the pool in July 1903, was reduced to \$24 in November, and then to \$23.³ The descending lines of the price curve since 1902 show that the pool has not been able to name the market price. It seems to be shown that the outside billet supply is always very elastic, rendering the billet manufacture essentially competitive.

The rail pool shows remarkable strength, having named prices for sixteen years, with the exception of 1897 and 1898. This pool was formed in August, 1887.⁴ It divided the estimated rail demand among the fifteen members, in agreed proportions. The fixing of prices was not part of the written contract, but informal agreements were entered into. A penalty of \$1.50 to \$2.50 per ton

¹The *Iron Age*, 1896, vol. i. p. 875, gives the original price agreement adopted; vol. ii. p. 223 gives the difficulties encountered; vol. ii. p. 967 describes the billet market, names the leading producers, and the chances of the pool.

²*Ibid.*, January 3, 1901, gives a summary of the billet business of 1900, and conditions leading to the pool of November 8, 1900.

³The *Journal of Commerce*, April 8, 1904, reports a meeting of the pool, naming the members. The present agreement includes the United States Steel Corporation, Jones & Laughlin's, Wheeling Steel and Iron Company, Cambria Steel Company, Lackawanna Steel Company, Pennsylvania Steel Company, and Maryland Steel Company.

⁴The *Iron Age* of November 16, 1893, gives full details.

for all excess of allotment kept the firms from cutting prices in order to secure more business. In regard to prices during the existence of this combination the *Iron Age* remarks: "The price that was asked for rails by the mills was decidedly reasonable. Manufacturers whose demand varies ought not to starve the mills in poor times." The agreement came to an end in 1893, but was renewed after a sharp fight. Increasing difficulty was met in adjusting the allotments during the following years. Outside concerns had to be bought off or subsidized until, in 1896, \$1,000,000 was spent in this way. It had been estimated that the demand for that year would be about 2,200,000 tons, but it was actually only 800,000 tons. Concerns that had produced little, and expected heavy bonuses, found that they had to pay a penalty. The dissatisfaction resulted in secret cutting of prices and the breaking up of the pool.¹ There was immediate talk of renewal; but it was not attempted until prices began to rise in 1899, when the present pool was formed.²

The contrast between the billet and the rail price curves is very striking. The former is irregular, showing constant fluctuations; while the latter is made up of long horizontal lines, with abrupt changes, showing that the effect of the pool was to steady prices for considerable periods. In justice to the rail pool it should be noted that in 1901 and 1902, when billets rose from \$20 to \$32, the price of rails remained \$28. The price of beams was also held, but the plate pool raised the price \$4. Agreements hold well in the rail business, because it is confined to less than a dozen firms, and is comparatively easy to control.³ Rails are

¹ The *Iron Age*, February 11, 1897, reviews the pool's history.

² *Ibid.*, January 1, 1901, describes the agreement made.

³ *Ibid.*, of February 11, 1897, gives the 1897 allotment thus:—

Carnegie	53.50 per cent.
Lackawanna	19.00 " "
Cambria	8.25 " "
Bethlehem	8.25 " "
Maryland	2.75 " "
Pennsylvania	8.25 " "
	<hr/>
	100.00 " "

sold direct to the consumer; and, moreover, special freight rates may have helped to keep up the market price of this product.

The beam pool was organized soon after the rail pool by the mills rolling structural steel shapes, such as I-beams and channels. The \$70 figure of 1890 was a pool price, maintained under small demand, by eleven firms producing nine-tenths of the supply. Foreign beams began to be imported in 1891 at \$46; and, to stop this, the pool agreed to lower the price to \$56. But the Carnegie Company had just finished a beam mill large enough to supply the whole demand of the country, and was not satisfied with the allotment given by the pool. This company seems to have been constantly on the alert, when pooling agreements were weakening, to gather in orders at lower figures. Prices fell \$22 at once. Boston merchants had a stock of 2,500 tons of imported beams left on their hands to dispose of at a loss, and many manufacturers suffered heavily.

An agreement made in 1896 held for a short time, but was broken in the attempt to keep prices stationary in a declining market. Even when the rail pool broke, the beam makers do not seem to have realized that it may be expedient for pools to lower prices as well as to raise them. When the break occurred, in May, 1897, the price of beams fell \$12 a ton.¹

The present pool was formed in 1898 by six leading firms.² The agreement since then has been renewed annually. The price has been kept at \$1.60 per hundred pounds, Pittsburg, since 1901. Foreign beams came in during 1902-03 on account of the overcrowding of our mills, being able to command a premium by quick delivery. The steadiness of the price of steel beams during 1901-02, as shown by the chart, when billets rose rapidly, is in marked contrast with the fluctuations of 1899,

¹ *The Iron Age* of May 20, 1897, describes this pool.

² *Ibid.*, January 12, 1902. The firms are the Carnegie Steel Company, Jones & Laughlin's, Cambria Steel Company, Pennsylvania Steel Company, Passaic Iron Works, Pencoyd Iron Works.

when, as billet prices rose, the beam makers advanced prices with leaps and bounds. This change of policy was partly due to the influence of the Steel Corporation. More than any other steel company it must maintain a large volume of business without interruption in order to meet heavy charges. The price of beams in this case was already sufficient to give a reasonable profit. Moreover, a large demand indirectly increased the corporation's profits by reason of its ownership of other subsidiary companies.

The plate pool is a recent development, having existed since 1900 only. The line on the diagram, showing the course of prices of steel plates, is remarkable, inasmuch as it shows a far more violent fluctuation during 1899-1900 than in the case of the other pooled products,—rails and beams. In February, 1899, the price of plates was \$1.30 per hundred pounds at Pittsburg. Buyers who anticipated high prices bought until in August the price had reached \$3. As the turning-point was seen, buyers, becoming frightened, withdrew; and the rolling mills fought to secure business, until a price of 95 cents was reached in July, 1900. This ruinous condition was the cause of several meetings, resulting in an agreement between the plate mills in October. Orders came in as soon as the stability of the pool seemed assured, and the year closed with 400,000 tons of orders on hand. Prices were fixed as usual, with a Pittsburg base, freight being added to this base for prices at other points.

An enormous demand for steel plates developed during 1901-02, due largely to the steel car and steel ship industries. The price was raised to \$1.60 in April, 1901, at which it has now stood for three years. The growth of new rivals was checked, and the maintenance of the price during the present slackness was made easier, by the policy of reasonable prices in good times. The pool prevented buyers from competing and pushing up prices in 1901-02, although small mills at one time secured 65 cents excess, for immediate delivery. This excess disappeared in July, 1903, when mills began to close down for lack of orders. The

old price was renewed, however, in December.¹ It was thought that the small demand could not be increased by a slight reduction in price. This, however, would seem to be dangerous reasoning, judging by the failures of other pools under similar circumstances.

General conclusions are apt to be misleading on a subject such as this, where full information is carefully withheld; but from the available history of these pools, as outlined, certain facts seem to be fairly well established. It is not possible by law to prevent all price agreements, nor is such a policy desirable. For in such an event, with quick transportation at low rates, competitors are free to fight each other until the more powerful firms drive the weaker ones to the wall. The victors are then free to recoup their losses as quickly as possible at the public expense. Both very low prices and exceptionally high ones are harmful to business in general, and to the public. The manufacturers would seem to be justified in making some agreement, and in allowing one another to continue to share in the business in definite proportions, in order to prevent this destructive warfare.

Two remedial policies are open to competitors in such an event. Either an industrial combination may be effected; or refuge may be sought in one of these price agreements or pools. The railroads were driven to adopt the policy of buying up competitors,—a policy resulting, for a time at least, in embarrassments and receiverships. They have found it necessary to come to some agreement on reasonable and equal rates. The industrial companies, following them some years later, have attempted gigantic consolidations, the result of which is at present doubtful. Most manufacturers would prefer to own their own plants, making whatever arrangements were necessary for continued existence, rather than to lose their identity by selling to a corporation. And direct management by a manufacturing owner may be expected to be more

¹ *Journal of Commerce*, December 19, 1903.

efficient than management by distant financiers representing stockholders.

The second remedy for ruinous competition lies in industrial pools, such as were constantly formed, broken up, and reformed, until about 1900. This instability seems to have resulted from the fact that no pool or price agreement can continue where the price has not been fixed at a reasonable figure; for new capital is always ready to seek investment where profits are known to be ample. However widely the pool may extend, it cannot absorb all of this idle capital. Only when the pool price is too low unduly to tempt the outsider to build or enlarge his plant is its position at all secure. Another factor of note is that pools are always most favorable to the outside plants, which can enjoy the advantages of the pool price without feeling the restrictions.¹

Inherent weakness breaks up many, from dissatisfaction with the allotment and the constant temptation to shade the price or to conceal sales. The pools are in several instances being supplanted by the sliding scale adjustment of prices, based upon the price of the raw material. The effect of the temporary pools is thoroughly bad. Their false profits lead to a misdirected investment of capital, as in the case of the nail pool, where plants sprang up during high prices, so that two months' full operation would have supplied the market for a year. The inevitable price variations are greatly exaggerated, because purchasers refrain from buying when the market is falling, sending prices to the very bottom. Mr. Meade's statement, that the prices which follow the dissolution of a pool are lower than those that brought the producers together,² has been frequently illustrated.

These powerful associations exist without supervision of any kind, our knowledge of them being gained chiefly

¹ See the *Industrial Commission Report*, vol. xiii, p. 492. Mr. Butler says, "I would state as a general law that combinations are always to the advantage of the small concern, . . . that a combination was always to the advantage of the little fellow, whose growth is at the expense of the large concern."

² *Trust Finance*, E. S. Meade, p. 28.

as they fail. Although, since the Trans-Missouri Joint Traffic and other anti-combination decisions, all such arrangements have been carried on in secret, it is doubtful if their scope has been appreciably diminished. During the last four years they seem to be on the increase, as a matter of fact. Having been denied recognition by law, they have necessarily devised methods of their own, to preserve their agreement by fines and bribes. Their existence and effectiveness at present would seem to indicate reasonable prices as well as reasonable use of their inherent power in other ways. Experience shows that, were their policy otherwise, the pool would be in danger of breaking suddenly at any time. In any event, a more satisfactory arrangement is certainly desirable. In Germany, pooling agreements have been made enforceable by the courts, and their affairs are subject to government supervision. The evils caused by pools with the "get-rich-quick motive" might, perhaps, in the United States be avoided by a similar legal recognition of the economic justification for associations among independent manufacturers, with agreements both reasonable and enforceable.

WALLACE E. BELCHER.

NOTES AND MEMORANDA.

SOME RECENT TEXT-BOOKS IN ECONOMICS.

The last few months have been prolific in text-books in economics for use in the general introductory courses usually given in American colleges. In addition to Professors Gide, Flux, and Seager, whose works are considered in the present article,¹ Professor Nicholson has brought out in one volume an abridgment of his larger work, and, while this notice is in course of preparation, Professor Fetter's *Principles of Economics* is announced. In view of the considerable number of text-books already in the field this activity in publication, for the most part the outgrowth of the work of actual instruction, is a gratifying index of the wide-spread interest in economics and of activity among its students and teachers.

There is doubtless a considerable variety of opinion in regard to the requisites for a good elementary text-book in economics. All, however, would agree that such a book should be marked by accuracy in its statement of facts and by simplicity and clearness in its language and style. Among those, at least, who have felt the influence of the historical school and who realize that the elementary college course must be directed not only to laying the foundations for future specialists, but to meeting the needs of students for whom the course will constitute the whole or the major portion of their work in this field, there would,

¹*Principles of Political Economy.* By Charles Gide. Second American edition, entirely retranslated from the latest French original and adapted to the use of American students by C. William A. Velditz, Ph.D., LL.B. Boston: D. C. Heath & Co. 1904.

Economic Principles: An Introductory Study. By A. W. Flux, M.A. London: Methuen & Co. 1904.

Introduction to Economics. By Henry Rogers Seager. New York: Henry Holt & Co. 1904.

probably, be general agreement that it should render the following services. It should familiarize the student with the main facts of the structure and mechanism of modern economic life, and make clear both their foundation in the existing legal and social system and the state of the industrial arts, and the fact that they are not fixed and unalterable, but are products of economic history, and in more or less constant process of change. The student's knowledge of these facts cannot safely be assumed, and there can hardly be a question that in the past too little attention has been given to this branch of the subject. It should, secondly, present an analysis of the main influences determining the working of the economic system as above described; that is, of the influences which determine the production, distribution, exchange, and consumption of wealth. Here the lack of agreement among economists as regards definitions and analysis necessitates a choice between two methods of treatment. The writer may either present his own views, thereby gaining in consistency and definiteness, but running the danger of conveying to the student a false sense of the simplicity of the subject and the finality of his knowledge; or, if there is a divergence in the views of different schools of thinkers, he may undertake to present the views of each, thereby contributing to the student's broad-mindedness and breadth of view, at the cost, however, of a sense of vagueness and consequent discouragement on his part. For an ample discussion of divergent views on questions of economic theory such as would enable the student to reach his own conclusions, an elementary course in economics affords no time. Finally, such a book should present in outline a view of the more important practical problems in the life of society in the solution of which economic considerations are dominant. Since unanimity of opinion is never to be expected in connection with questions of policy, as it is in the field of scientific analysis, reasons for the presentation of divergent views are much stronger here than they are in connection with the previous division of the work. The acceptance of the above as the requisites

for a good text-book in elementary economics does not, of course, involve uniformity in the treatment of the subject by different writers. In addition to the differences growing out of divergent views on economic theory there is room for important differences of treatment, both as regards the relative emphasis laid on the different aspects of the subject and the manner in which they are treated with reference to each other. Some will keep separate the three divisions mentioned above, and others will mingle the descriptive matter and discussion of practical problems with the discussion of economic theory.

It is with reference to the standard established by these requisites that the characteristics of the three books under consideration will be measured. The books which offer the most striking contrast are those of Professors Gide and Professor Flux. The earlier edition of Professor Gide's work is familiar, and has been widely used in this country. The present edition differs from its predecessor in that it has been edited by the translator with special reference to the needs of American students. We find here the time-honored divisions of production, exchange ("circulation of wealth"), distribution, and consumption treated in the order mentioned, the whole divided into chapters and sections of convenient length with reference to its use for teaching purposes. The style is easy, clear, and attractive; and the treatment is elementary in character. The work is full of matter descriptive of the existing industrial system, its evolution is sketched, and the significance of its fundamental characteristics, such as private property, freedom of contract, and competition, pointed out. It is also made clear that the evolutionary process has not ceased, the author (p. 641) expressing his own opinion that "economic evolution seems to point to the ultimate elimination of the class of employers and entrepreneurs as well as the abolition of the wage system." Questions of economic policy are discussed with great fulness and in an eminently fair-minded and suggestive manner. The weakness of the book is distinctly on the side of economic theory. This is due in

part to inadequacy of treatment. Of the 213 pages devoted to the circulation of wealth, eight (pp. 188-196) are given to the discussion of the influences which determine the exchange value of commodities; and these are far from satisfactory,—vague, inconclusive, and including an apparent misconception of the law of demand and supply as it has been generally accepted. The space devoted to the discussion of the influences which determine the shares in distribution is not so inadequate, and is much more satisfactory; but the treatment of wages affords an illustration of the dangers of the method described above,—of substituting for the author's own analysis the views which have characterized important schools of thought. Thus Professor Gide briefly explains and criticises the wage-fund theory, the iron law of wages, and the productivity theory, and reaches as a result of his discussion the conclusion (p. 514) "that there is probably not one determinant of wages but several, operating with varying degrees of influence at different times and under different circumstances. All the forces that influence the value of merchandise also affect the value of manual labor." But what these determinants are, what is their relative importance and relation to each other, and in what way they are affected by time and circumstances, we are not told.

While his discussion of some of the fundamental concepts of economics—for example, value and its relation to utility and labor (pp. 49-64)—is excellent, there is in many instances a lack of clearness and precision, both in definition and conception, of certain fundamental facts and processes, which results in vagueness and, not infrequently, in inconsistencies. Although on page 77 it is stated that "to make useful a thing that was not useful before, is the whole secret of productiveness," and that trade is productive when it is nothing more than transferring a thing to a person who will utilize it, the author evidently has a lingering feeling that trade and transportation are not as truly productive as other branches of industry; for on page 140 he speaks of storekeeping as among the "least productive" occupa-

tions, while on page 105 we find that "it would hardly be true to say that steam, when applied to transportation, has multiplied products." In the section on the formation of capital the idea that formation of capital is based upon saving is ridiculed. "Although saving plays a part, and an important one, in consumption, we do not perceive what it has to do with production" (p. 131), yet on page 145 we find that "in an old country, where saving is an established habit and in which savings are accumulated with increasing rapidity, . . . capital must ultimately be accumulated in large quantities"; and in the discussion of collectivism we are told (pp. 474, 475) that "there are in this country millions of large and small capitalists, especially the latter, who altogether save many millions of dollars each year, who perform the exceedingly important economic function of maintaining and increasing the riches and prosperity of the nation, and augmenting its supply of productive capital."

It would sometimes seem as if his environment made it particularly difficult for a Frenchman to comprehend accurately Malthus's theory of population. Professor Gide is no exception to the rule.

He states Malthus's theory as follows: "*Population tends to increase more rapidly than the means of subsistence.*" But why not give Malthus's own statement of his principle, as summarized at the end of the second chapter of the second and subsequent editions of his essay?¹ Professor Gide proceeds: "He concluded that the equilibrium could be brought about only by a frequent reduction of the population, effected by means of wars, epidemics, famines, pauperism, prostitution, and plagues, all of which, regarded from a higher point of view, Malthus considers really providential." Malthus himself, in the appendix to his essay written in

¹"1. Population is necessarily limited by the means of subsistence.

"2. Population invariably increases, where the means of subsistence increase, unless prevented by some very powerful and obvious checks.

"3. These checks, and the checks which repress the superior power of population, and keep its effects on a level with the means of subsistence, are all resolvable into moral restraint, vice, and misery."

1817,¹ has considered in detail this misinterpretation of his doctrine, and in view of the refutation there given no excuse remains for its reappearance at the present time.

The discussion of Malthus also affords an excellent illustration of how our judgment of facts may be unconsciously influenced by their bearing on preconceived opinions. In the chapter on Malthus, emphasis is laid (p. 667) on "the enormous and growing excess of production over consumption during recent years." "Markets are now so encumbered with manufactured and agricultural products that governments have been obliged to raise barriers of customs duties against the influx of foreign goods; the problem is how to find a market for products rather than how to produce sufficient goods to consume." Yet in connection with the discussion of socialistic systems (p. 456) we are told that the fact that many persons possess little does not prove that wealth is poorly distributed. "It proves rather that there is not wealth enough for distribution. What makes this problem difficult is not so much the unequal distribution of wealth, . . . but the *insufficiency* of wealth"; and it is carefully explained in a foot-note that "overproduction in any branch of industry does not necessarily imply that more has been produced than is needed, but more than can be purchased by those who buy the products of this branch of industry."

The illustrative and descriptive matter chosen by the translator from the economic history and condition of this country is well selected, and certainly increases the value of the work for American students. It must be said, however, that the book is marred by occasional errors or partial and misleading statements in regard to matters of fact, for some of which, at least, it would seem that the translator must be held responsible. These are particularly noticeable in the chapter on banking.² The writer does

¹Eighth edition of the essay, London, 1878, pp. 509-512.

²It is stated (p. 403) that there are no restrictions on the issue of bank-notes in Scotland, and (p. 406) that the United States government lost its deposits in the State banks during the panics of 1857 and 1839. It is inaccurate to say (p. 408) that under the New York free banking system the banks could deposit "such

not wish it to be understood that the relative merits and demerits of this book are in his judgment in proportion to the relative amount of space devoted to them in this review. The merits of the book are many and important; but it will hardly furnish the same sort of training in economic analysis that was furnished by Mill and Walker, upon whose books so many of the present generation of economists grew up.

The work of Professor Flux offers a marked contrast to that of Professor Gide. No attempt is made at anything like a general description of the economic structure and mechanism of society or a discussion of more than a few of the important questions of economic policy, nor, indeed, does the author cover the whole field of economic theory as it is usually presented. For Professor Flux "the interest of modern economics centres about the problem of value," and the body of the work is devoted to the analysis of the influences which govern exchange values of products and the factors of production. This is followed by chapters on money and the mechanism of exchange, paper currency, and the modes of regulating its issue, international trade, and foreign exchange, free trade and protection and government interference, with special reference to taxation. The analysis of the problem of value offers little room for criticism. The reasoning is clear, close, sane, and frequently suggestive of new bearings of familiar principles. Among earlier works it recalls somewhat, by its careful and suggestive analysis, Sidgwick's *Principles of Political Economy*, which is certainly high praise. There is an occasional omission of some aspect of a question which we might have expected to find treated, as when, in discussing the adjustment of demand and supply where the price is fixed, the author considers the case of a price too low to induce a sufficient

public stocks, bonds, mortgages, etc., as were approved by the State comptroller." The matter was not left entirely to the discretion of the comptroller. It is not true as a general statement that national banks must invest one-fourth of their capital in United States bonds (p. 411); nor is it true, as must be inferred from a statement on the same page, that only banks outside of reserve cities can deposit a portion of their required reserve in other cities, and that these deposits can be made only central reserve cities (here termed "credit reserve cities").

supply, but not the equally interesting and important case of a price so high as to induce an excessive supply. Again, in discussing the influence of trade unions on wages, he fails to consider the possibility that, by preventing the employer's reducing his expenses through reduction of wages, they may lead him to introduce more efficient methods and machinery, thereby increasing the productive power of labor. Such omissions, however, are few, and would not call for mention except for the writer's evident care in covering all aspects of the questions he considers. If Professor Gide calls too little on the reasoning power of the student, it may be doubted whether Professor Flux does not impose too great a burden upon the beginner,—for whom the book is apparently intended,—a danger which is increased by his style, which is lacking in life and is sometimes obscure, particularly in the chapter on values in international trade, and by the lack of illustrative material drawn from economic life. For the student, however, who has already become somewhat familiar with the subject and is interested to pursue it, few books among those recently published will yield a larger return.

There can be little question that in the distribution of space between the different portions of the subject Professor Seager's book is the best balanced of the three under consideration. The first two chapters are devoted to a sketch of the industrial development of England and of existing industrial conditions in this country. The next fourteen chapters contain an analysis of the influences which control the consumption, production, exchange, and distribution of wealth, while the last eleven treat of money and credit and a number of the most important economic problems. The matter of the second of the introductory chapters might perhaps be open to criticism. What the student needs is acquaintance with the fundamental influences which give character to the structure and mechanism of modern economic society. It is doubtful whether the very condensed statistical account of industries in the United States which constitutes a considerable portion of this chapter will be of real service.

Professor Seager shows more distinctly than the others the influence of those recent schools of thought which find in the valuations by consumers the guiding thread which is to lead them safely through the economic labyrinth. It is doubtless the importance attached to this factor which leads him to begin his economic analysis with a discussion of consumption. To the present writer this reversal of the customary order does not seem a step in progress. It is true that human desires are the motive power in economic life, that they have a controlling influence in determining the direction of productive power, and are an essential factor in explaining the relative values of goods. The exposition of the characteristic features of these desires, in so far as they are directed to economic goods, must therefore be one of the first steps in economic analysis. But, surely, human desires are not the same thing as consumption. Between desire and consumption the act of production must intervene. No doubt production and consumption cannot be separated. They are successive and constantly recurring steps of the never-ending process. Consumption, within certain limits, is as essential to production as production to consumption; but, looking at consumption as a whole, it is much truer to regard it as the result of production, and governed by it, rather than the reverse, and the older order of treatment conforms to the actual order of economic processes. It is believed that a study of Professor Seager's chapter on consumption will confirm this view. Much, if not the greater part, of the matter contained in it, while excellent in itself, is, to the mind of the present writer at least, not essential or even helpful for the understanding of what follows. I would venture to express the same opinion in regard to a considerable portion of the following chapter on value and price, particularly the portion devoted to the explanation of valuation as a social process. It would certainly require an exceptional instructor and an exceptional class of beginners to discuss this question profitably, nor does it seem necessary to do so. If the recent discussion of value teaches anything, it is

that value depends upon quantity, and that, if we would understand the influences which determine value, we must understand the influences which determine quantity. These Professor Seager, a little further on, analyzes in an exceptionally able manner. The beginner who grasps this analysis may safely be relieved of the strain of grappling with "valuation as a social process."

It might perhaps be said even of that somewhat imposing substitute for the familiar "other things equal," the "normal state of equilibrium,"¹ that it imposes an unnecessary burden on the student. The reason given for its employment (p. 168) is that it helps us to understand that real incomes are drawn from the net product of industry; but it certainly is not necessary for this purpose. The real reason for its use would seem to be found in the statement (p. 260) that "*the law which determines the division of the product between labour and capital in competitive industries for a society in a state of normal equilibrium is, therefore, that each receives the share that it produces.*" If, as it appears to be, the statement of this law is the object gained by the use of the assumption in question, it is doubtful whether the end justifies the means. The basis of the law is that the two factors in question obtain a reward proportional to their marginal productivity. Professor Flux (p. 119) points out some of the difficulties of measuring the marginal productivity of the factors in question. There are other pitfalls connected with this conception of labor and capital as mutually supplementary and competing, yet distinct and independent factors of production. Production by means

¹ "Imagine that productive processes are brought to a state in which no further improvements are devised; imagine that sources of natural power assist production without the slightest variation from year to year, that land renews its fertility regularly, that new mines are discovered as old mines become exhausted, and that the uncertainties of climate and season are temporarily suspended; imagine that population is stationary and that each grade of labor is self-renewing and self-perpetuating; imagine that the stock of capital goods is kept intact by continuous renewal without increase or diminution; imagine that the wants of consumers are as unchanging as are all of the other conditions assumed; finally, imagine free, all-sided competition serving to maintain a constant correspondence between market and normal prices" (pp. 164, 165). The classical political economy has been frequently accused of making large demands on the imagination, but its demands were modest in comparison with those of the "normal state of equilibrium."

of labor and production by means of capital are, to a great extent, simply alternative ways of production by labor; but, further than this, is it not questionable whether the value of the product attributable to the marginal unit of a factor of production can be said to determine the productivity of the factor in the same way as the marginal utility of goods determines their value? It would certainly be difficult to make clear to a class of beginners in economics that, when fertile land is so abundant that it does not command a price, it ceases to be productive. I do not question the use of the "state of normal equilibrium" in connection with the consideration of certain problems of economic theory. I merely question its necessity in an elementary treatise and the value of the use to which it is put.

The criticisms which have been offered are the outgrowth mainly of differences in emphasis and point of view between Professor Seager and the present writer. There are other portions of this part of the work, not affected by such differences, which are open to criticism: thus the discussion of Malthus's doctrine of population and the somewhat indefinite treatment of the influences which determine the value of money. Space, however, forbids doing more than to call attention to one curious inconsistency. Professor Seager maintains that land, labor, and capital are all subject to the law of diminishing returns. The proof offered in the case of land (p. 114) is that, if increasing quantities of labor and capital are applied to a given area of land, the return per unit of labor and capital diminishes. The proof offered in the case of labor and capital is that, if increasing quantities of labor or capital be applied to constant quantities of the other factors of production, the product per unit of labor or capital will diminish.¹ Either use of the term "diminishing returns" may be permissible, but it should be used in the same sense in connection with each of the factors of production.

Concerning the general clearness, soundness, and stimulating character of Professor Seager's analysis, however,

¹ Pages 128, 129.

there can be no question. The chapters on rent and wages particularly are models of clear thinking and exposition, and the student who masters the main principles of economic theory as here set forth will have laid a firm foundation for future work. Equal praise can be given to the chapters which deal with the practical problems of economic life. The discussion is comprehensive, fair-minded, and suggestive. Most notable, perhaps, is his sympathetic treatment (pp. 425, 426) of the systems of compulsory arbitration, including the fixing of a legal minimum wage, in the Australian colonies, and of the idea of taking through taxation the rental value of land in cities. To accomplish the latter purpose, he proposes (pp. 526, 527) a most novel expedient,—a combination of land and inheritance tax, which certainly, at first sight, appears impracticable, but of which it is to be hoped Professor Seager will offer a more extended discussion. In view of recent controversies, it may be interesting to note that all three authors preserve the distinction between land and capital, and rent and interest, and that Professors Gide and Flux accept in the main the quantity theory of money, although in the case of neither is the discussion of this question entirely clear. Professor Seager, as far as I can find, expresses no opinion on this topic.

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THE NATIONAL TRANSCONTINENTAL RAILWAY OF CANADA.

The act respecting the construction of a National Transcontinental Railway, recently passed by the Parliament of Canada, constitutes, with its amendment, the most important legislation of the Dominion for many years past. In virtue of this measure and legislation concerning the Grand Trunk Pacific Railway Company, the government of Canada and a private corporation are engaged at the present time in preparing for the joint construction of a line of railway which, within the period of a little over seven years, will afford a new railway highway from the Atlantic Ocean to the Pacific, every mile of which will be upon Canadian soil.

The original act¹ was passed during the Parliamentary session of 1903, and assented to on the 24th of October of that year, at the same time as assent was given to the act incorporating the Grand Trunk Pacific Railway Company.² The amended act³ was passed at the session of Parliament held during the present year; and it is under the provisions of the Act of 1903 as amended, and an act respecting the Grand Trunk Pacific Railway Company,⁴ assented to on July 18, that the work of construction will be carried out.

The new undertaking is expressive of the industrial and commercial expansion of the Dominion and of the national aspiration after greater security and independence in matters of trade. In rapid increase of numbers and in extent of territory which it has settled, the population of the West has surpassed expectations. Continuous exploration has

¹ "An Act respecting the Construction of the National Transcontinental Railway," 3 Edward VII., c. 71.

² "An Act to incorporate the Grand Trunk Pacific Railway Company," 3 Edward VII., c. 221.

³ "An Act to amend the National Transcontinental Railway Act," 4 Edward VII., c. 24.

⁴ "An Act respecting the Grand Trunk Pacific Railway Company," 4 Edward VII., c. 80.

furthered settlement and disclosed resources which have become the basis of new or extended branches of commerce and industry, and these have led in turn to still further explorations. Development in productivity and trade have followed with like surprise and rapidity. Thus the field of Canadian industry has been enlarging steadily towards the West and North, away from the frontier boundary which limits its southern expansion; and to-day the necessity has arisen for increased transportation facilities to meet the requirements of settlers and the demands of industry and trade.

The Canadian Pacific Railway, begun in 1881 and completed in 1886, is at present the only transcontinental railway in the Dominion. The construction of any roads south of it for two decades from the time of beginning its construction was prohibited; and in so far it had a guaranteed monopoly of the trade of the West for this period. In Eastern Canada it is but one of several railways connecting the more important commercial centres and ports; and, since the completion of the period of its guaranteed monopoly in the West, competitors have entered the field to share with it the fruits of the increased productiveness of Manitoba and the North-west Territories. The competitive lines in the East and the West form in a disjointed way a continuous transcontinental road, connecting the vast, sparsely settled tracts of the West with the more thickly populated commercial and industrial centres of the East. So far, however, as transcontinental traffic is concerned, these railways operate within an area the commercial requirements of which are served in part by the Canadian Pacific Railway. Neither the Canadian Pacific nor its competitors are so located as to meet the steadily increasing demands of the northward expanding industry, nor so as to be of service in opening up parts of the new territory available for settlement, both in the Eastern Provinces and in the West, and affording transportation facilities for such territories.

In connection with the one transcontinental line, the Canadian Pacific, it is to be noted that it is constructed in

part through the United States. The portion from near Agnes in the Province of Quebec to St. Croix in the Province of New Brunswick is in the State of Maine. A perpetual obligation to the government of the United States, in the nature of a "bonding privilege," is thus incurred. Obligations are a feature odious to the commercial rivalries of nations; and it is felt by many that the friendly political relations between the two countries should not be unnecessarily subjected to a strain which the dictates of a relentless commercialism might render inevitable, should the "bonding privilege" ever become a creature of its caprices.

Political expediency and commercial necessity have therefore been important determining factors in connection with the new national railway, which is intended to develop commerce through Canadian ports, to secure the most direct and economical interchange of traffic between Eastern Canada and the Provinces and Territories west of the Great Lakes, and to deepen the channels of trade from East to West. In the language of the statute creating it, it is to serve as "a new railway highway across the Dominion of Canada from ocean to ocean," to be directed in its course "with a view to the opening up of new territory to settlement," and to be throughout "wholly within Canadian territory." "It is a work," to use the words of the Prime Minister at the time of introducing the measure in the House of Commons, "of a national character, necessitated by the status of Canada in the year 1903, just as the Intercolonial Railway was necessitated by the status of Canada at the opening of Confederation, and just as the Canadian Pacific Railway was necessitated by the status of Canada a few years after Confederation."

The prominent feature of the plan of construction of the new transcontinental railway is the arrangement whereby the government is to construct and own one portion of the road and a private corporation to construct and own the other portion, and, subsequently, subject to certain limitations and payments, to control the operation of the whole. The eastern terminus of the railway is the city of Moncton

in the Province of New Brunswick; its western terminus, the navigable waters of the Pacific Ocean at or near Port Simpson or some other port in British Columbia. The proposed course of the railway from East to West is to pass through the central part of the Province of New Brunswick and through the Province of Quebec by the shortest available line to the city of Quebec, then through the northern portion of the Province of Quebec and Ontario and through the Province of Manitoba to the city of Winnipeg, from Winnipeg through the Province of Manitoba and North-west Territories to the Rocky Mountains by a route to be determined as the result of surveys, regard being had to the physical features of the country and the cost of construction. It will then pass through the Rocky Mountains to the sea. The portion of the route from Moncton to Winnipeg is known as the Eastern Division, and is to be built by the government. The portion from Winnipeg to the Pacific is known as the Western Division, further divisible, according to the physical features of the district through which it passes into the prairie and mountain sections. This part is to be built by the Grand Trunk Pacific Railway Company, the company incorporated for the construction of this part, and which on its completion will operate the whole road. In its construction of the Western Division the company will be assisted by the State to the extent of certain definite obligations, and some additional liabilities which the government has agreed to accept.

From Moncton to Winnipeg is a distance of 1,800 miles. The work of construction of this part (the Eastern Division, which is the part being built and to be owned by the government) is under the charge and control of four commissioners. The commissioners are empowered to appoint and employ engineers (except the chief engineer, who is appointed by the governor in council), surveyors, officers, servants, agents, and workmen, may appropriate lands required for the purpose, and have, in respect of the division, all the rights, powers, remedies, and immunities conferred upon a railway company under the Railway Act and its

amendments. They may let the work of construction by tender and contract; but members of the House of Commons and Senate are debarred from holding offices of emolument under the commission or from being interested during the period of construction in contracts, on penalty of disqualification. The commissioners have also power to construct telegraph and telephone lines on the Eastern Division, as may be reasonably required for its operation.

The construction of the Eastern Division is to be commenced at each of the termini, and at Quebec in opposite directions in such a way that the part of the road from Winnipeg to Quebec will be completed as nearly as possible at the time of the completion of the road from Moncton to Quebec. The commissioners are to issue and deposit debentures with the Minister of Finance in amounts sufficient to pay sums of money for work and services as performed, debentures to be repayable in fifty years from July 1, 1903, and bearing interest at 3 per cent. per annum payable half-yearly, the debentures and the interest thereon to be a first lien and charge upon the Eastern Division, and on all revenue and income after payment of maintenance charges. For the protection of the Grand Trunk Pacific Railway as lessees, a provision is made for the building of this division under the supervision of the company to insure its economical construction.

The commissioners are obliged to render monthly accounts to the Minister of Railways and Canals; to keep books which shall be subject at all times to the inspection of any of the commissioners, the Minister of Railways and Canals, or officers specially appointed by any of these or by the Auditor-general. They are also required to make to the governor in council through the Minister of Railways and Canals an annual report for the information of Parliament. The accounts of the commissioners, in respect of receipts and expenditures, are to be subject to examination and audit by the Auditor-general.

From Winnipeg to the Pacific Ocean is a distance of about 1,500 miles. The construction of this Western Division is

to be at the cost of the Grand Trunk Pacific Railway Company; and the work is to be carried on according to plans and specifications to be approved by the government, the work to be completed by December 1, 1911. The construction and equipment of this division is to be on a standard not inferior to the main line of the Grand Trunk Railway Company between Montreal and Toronto. A deposit of \$5,000,000 cash or government securities is required to be made by the company as security for the construction of the division and the first equipment of the whole line, the government to pay 3 per cent. interest on the cash deposit, and transfer the interest on the securities, the deposit to be returned on the completion of construction and equipment.

For the purpose of aiding the company in the construction of this division, the government is to assist the company by a guarantee of its bonds and by part payment of interest. Broadly, the government is to guarantee the bonds of the company to the extent of 75 per cent. of the cost of construction, subject to the conditions hereinafter mentioned for the entire division, and on the mountain section is to pay the interest on the actual cost of construction at the rate of 3 per cent. for a period of seven years, which is equivalent to a cash bonus.

Stated more in detail, the agreement between the government and the company is as follows: The government is to guarantee to pay the principal and interest on an issue of bonds to be made by the company for a principal amount equivalent to 75 per cent. of the cost of construction of the division; but such principal amount is not to exceed \$13,000 per mile in respect of the prairie section, although 75 per cent. of the cost of construction may exceed this sum per mile. The bonds may be issued in the currency of Canada or sterling money of Great Britain at denominations to be agreed upon, the principal payable in fifty years from the date of issue, which is to be as soon as the Western Division is constructed and equipped ready for operation in accordance with the agreement, provided that

the Eastern Division is then also furnished with the equipment required, and that the cash deposit is still unforfeited in the hands of the government. The bonds are to bear interest at the rate of 3 per cent. per annum, payable half-yearly. If the company should default in paying interest on the bonds, the government will pay the same, and take up the coupons representing such interest; and the payments so made are to be a charge under the mortgage to be given to secure the guaranteed bonds of the government, which shall be subrogated to all the rights of the holders of the bonds.

As to the mountain section, the government is to pay the interest on the bonds, guaranteed for seven years. Thereafter the company is liable for the bonds, principal, and interest, subject to the same conditions in case of default in payment as in the case of the prairie section, with this exception, however: that during the period of three years succeeding the seven the government shall not be entitled to exercise any rights of foreclosure or sale against the company or take possession of the railway if the company default in payment of interest on guaranteed bonds; but any moneys paid by the government shall be repaid by the company to the government as follows: at the end of the period of three years the whole amount so paid by the government to be capitalized and repaid by the company to the government, with interest at the rate of 3 per cent. per annum, or the company may at its option repay the sum in forty equal instalments with interest or give to the government bonds for the interest so capitalized, payable in forty years with interest. After the first ten years the government is to guarantee the interest on the bonds until the principal is paid, subject to the same duties and rights in case of default by the company as in the other guarantees.

Upon completion of the construction of the Eastern Division, it is to be leased to the Grand Trunk Pacific Railway Company for a period of fifty years, the company paying therefor a rental of 3 per cent. of the actual cost, and accepting the condition of granting to any other Canadian

railways running privileges over the line on such terms as may by agreement between the government and the company be deemed reasonable and fair. For the first seven years the government will remit the interest, which is equivalent to granting to the company a cash bonus during that period of time equal to the interest on the cost of construction on a 3 per cent. basis. At the expiration of the lease the government may take possession and operate this part of the railway on its own account, or it may lease the line to the Grand Trunk Pacific or other company for a further period of time on terms to be then arranged, subject, however, to the restriction that preference is to be given to the Grand Trunk Pacific Company in the event of that company agreeing to terms as favorable as those offered by any other company.

The company is to equip both divisions with modern and complete rolling stock, suitable and sufficient for efficient operation and the handling of all classes of traffic to the satisfaction of the government, and at all times during the continuance of the lease of the Eastern Division to maintain efficient service over both divisions of the railway. The first equipment of the completed road is to be of a value of at least \$20,000,000, of which not less than \$5,000,000 worth shall be supplied for the operation of the Eastern Division; and this amount of rolling stock, together with all rentals and conditions, is to be marked as assigned to the Eastern Division and held to form part of its equipment for the period of the lease.

Of other features of the agreement between the government and the company, one of the most important, from the viewpoint of national trade, is the condition requiring the company to ship all goods consigned to it over Canadian territory to Canadian ocean ports, when not specially directed to forward them by another course, also the condition requiring the company at no time to charge a through rate on export traffic from the point of origin to the point of destination which shall be greater via Canadian ports than via United States, ports. The company is also required

to provide shipping connections on both the Atlantic and Pacific Oceans sufficient in tonnage and number of sailings to take care of and transport all its traffic, both inward and outward; nor is it to permit traffic to be diverted to ports outside of Canada upon the ground that there is not a sufficient amount of shipping to transport such traffic from or to Canadian ocean ports.

The government reserves powers of running and haulage rights over the Eastern Division for the Intercolonial or other lines of railway and over the Western Division for any lines of railway, subject to terms of agreement with the company; and the latter are given similar rates over the Intercolonial. The rates to be levied and taken by the company upon any part of the railway are to be under the control of the governor in council or any tribunal authorized by Parliament for the regulation or control of the business of railways.

The company is required to purchase all materials and supplies for the construction of the Western Division and the equipment of the whole from Canadian producers, where these can be purchased in Canada in the desired quantities and of equal quality upon terms equally advantageous with those procurable elsewhere. The government's guarantee is also made conditional on payment by the company of all just claims of contractors for materials, supplies, and wages incurred in connection with the construction of the road.

The government is to have the right of appointing one director of the company during the term of its lease of the Eastern Division, and so long as the government remains liable for any portion of the bonds issued. Provision is made for arbitrating any points of dispute or differences between the company and the government which may arise, and cannot be otherwise settled between them.

The capital stock of the company is fixed at \$45,000,000, of which not more than \$20,000,000 is to be preferred, and not less than \$25,000,000 common, stock. The Grand Trunk Pacific Railway Company has undertaken that the Grand Trunk Railway Company shall take the full amount of the

common stock, except the shares held by directors, which are not to exceed 1,000. But the Grand Trunk Railway Company is not to be prevented from making any such disposition of the common stock as it may deem expedient, though it is to continue to hold a majority of this stock by such title as shall enable the Grand Trunk Railway Company to control the policy of the Grand Trunk Pacific Company during the term of the lease to it of the Eastern Division, and so long as any bonds guaranteed by the government under the terms of the agreement between the government and the Grand Trunk Pacific Railway Company may remain outstanding.

The Grand Trunk Pacific Railway Company has agreed that the Grand Trunk Railway Company will guarantee its bonds for the balance required for the construction of the Western Division (exclusive of \$20,000,000 required for the first equipment of the road), and the Grand Trunk Pacific Company is allowed to issue a second series of bonds to be so guaranteed, which are to be a second charge on the property mortgaged to secure the government guarantees.

In case of default by the company a remedy of the government will be in the taking possession of the Western Division through an agent or manager with power to manage and operate the division and to receive the tolls and revenue. It is provided that, in the event of such remedy becoming necessary and being adopted, the manager appointed is to distribute the surplus tolls and revenue after payment of the working expenses *pari passu* between the government or other holders of the bonds secured, in the proportion of 75 per cent. to the holders of the first series and 25 per cent. to the holders of the second series. The right of the government to possession is to terminate if and when the application of the proportion provided of the surplus tolls and revenues shall have paid off all arrears of such interest. There is a further proviso that the government is not to exercise any of its rights in respect of possession by the company until there has been a default for five years.

A comparison in certain particulars between the terms upon which the new transcontinental railway is being constructed with those upon which the construction of the Canadian Pacific Railway was carried out twenty-five years ago is interesting and instructive. An amount of \$25,000,000 in cash, of 25,000,000 acres of public lands, many miles of railway already constructed by the government at an estimated cost of \$30,000,000, of guaranteed immunity from competition throughout the West by lines to the South for a period of twenty years, extensive taxation exemptions,—these are concessions of the earlier undertaking, none of which are to be found in the agreement governing the construction of the present road. To the Grand Trunk Pacific Railway Company no direct appropriation of public funds has been made, not an acre of public lands has been granted. The part of the road to be constructed by the government will be retained in its possession and leased. Instead of immunity from competitive rivalry are provisions securing to existing or possible future rivals running privileges over the company's lines on certain conditions. No mention is made of taxation, no exemption granted. On the other hand the new railway has its bonds guaranteed to the extent of 75 per cent. of their value, receives payment of the interest on the cost of construction of a part of its road for a period of years, and receives also what is virtually a free lease of the government's road for a period of years. Excepting these differences in terms, it would appear that against the uncertainties arising from the limited knowledge of conditions and prospects of a quarter of a century ago the more certain outlook and probabilities of the present have been weighed. An assured trade with government guarantee would appear to be a present-day substitute for the land and money grants, the monopolies and exemptions, of the past.

The railway legislation has been since the time of its introduction in Parliament the chief subject of controversy in the arena of party politics. The government of the day having created and brought forward the measure, it has

found strong indorsement from the ranks of the Liberal party and the Liberal press, though the resignation of his portfolio as Minister of Railways and Canals by the Hon. A. G. Blair at the time the measure was being introduced, on the ground of a difference with his colleagues as to the policy of the government in the matter, was evidence of a conflict of opinion among a section of the government supporters,—a difference which has not failed to be made the most of by the opposition (Conservative) leaders and press.

The expediency of immediately proceeding with so vast an enterprise without opportunity being given for obtaining in fuller detail particulars as to the country through which the new road is to pass; the advisability of the government undertaking the construction of the less profitable part of the road and undertaking construction at all through a part of the country which is already served by the Intercolonial Railway, a government-owned road; and the greater wisdom of an alternative policy of government ownership of the entire railway or such parts as it might be deemed advisable to build,—are phases of criticism around which the battles of party debate waged whilst the measure was under discussion in Parliament, and which have been prominent in the electoral contest which has followed its dissolution. Against the policy of delay on the ground of insufficient knowledge of the country through which the road is to pass the government have argued a possession of ample data on which to base a judgment, the existence of extensive productive areas, valuable alike for settlement and exploration, and the urgency of the need to secure at once a sure interchange of products between the East and West. The inadequacy of present facilities was further urged. As to the construction and ownership of the Moncton to Winnipeg part of the road, it has been maintained that its position affords a means of control over the whole which is most desirable, while business is secured to this division in virtue of its location, without the government being obliged to undertake those additional and supplementary enterprises for which a private corporation is better suited,

and which, because also of its location, it will be necessary to have carried out in connection with the Western Division. As to paralleling the Intercolonial, it has been pointed out that the route of the new railway will be shorter than that of the Intercolonial between Quebec and Moncton by about 180 miles; that the parts of the Provinces of Quebec and New Brunswick to which the two lines will minister are not the same, the lines at no point save the immediate vicinities of the termini being less than 30 miles apart. It has been urged, further, that the route of the Intercolonial was determined some forty years ago on the ground of what was politically expedient at the time, and that the trade of to-day should not be forced to inherit with its faults a condition of things perhaps wise in the past, but which, commercially considered, may be disastrous at the present time.

Against the policy of government ownership of the entire line have been set forth the superior merits of individual ownership in an undertaking of the kind. It has been pointed out that, whatever the advantages of public ownership may be where favorable conditions exist, they are not certain where conditions precedent to commercial success have largely to be created. The construction of wharves and elevators, the employment of commercial agents and agencies in Asiatic countries, the equipment of an ocean carrying service, the erection and maintenance of hotels, and the thousand and one devices necessary and incident to the successful creation of a set of conditions which may attract and establish a profitable business for the railway,—all these, it has been alleged, so essential to the financial success of the undertaking, are matters which private investment and management may be expected to direct with greater efficiency and service, and many of them of a nature which it would be undesirable, if not impossible, for a government to perform.

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THE "THÜNEN-ARCHIV."

We have received the first number of the *Thünen-Archiv, Organ für exakte Wirtschaftsforschung*, edited by Professor Ehrenberg, of the University of Rostock. In an interesting introductory article the editor, well known for his excellent work in economic history, outlines the aims of the new publication, and justifies his new departure by an attack on the methods of economic investigation hitherto mainly followed. Both of the chief schools, the "deductive" English and the "historical" German, are, he declares, practically bankrupt, so far as the further advancement of the science is concerned. Each has in turn attempted to build on an inadequate foundation of scientific observation. The one has been scrupulous in its logical procedure, but negligent in testing the truth of the few simple but inaccurate postulates upon which its deductions rest. The other has devoted itself to the accumulation of facts, sifting the dust-heaps of the past, but has been too careless of exact thinking. It has not even succeeded in finding any clear indication of the trend of economic development. Neither school, therefore, can furnish a sure key to the complex problems of to-day. Both have been largely influenced by external political conditions, the earlier school supplying a theoretical basis for the English free-trade movement, while the historical movement began as a reaction against doctrinaire free-trade theories. In both cases the laxity of method opens so wide a field for the subjective tendencies of the investigator that results of a scientific and incontestable character cannot be attained. As a consequence, the present condition of economics in Germany is deplorably chaotic. The "general confusion of fundamental concepts" can only be remedied by the union of objective and minute observation with exact thinking, by a return to the statistical method in the wider descriptive sense of the German

cameralists. Economics cannot follow the natural sciences in the use of experiment, but it may find the comparative method almost equally serviceable. It possesses its own instrument of accurate measurement and a vast accumulation of such measurements, hitherto imperfectly studied, in the account-books of modern business enterprise. Thünen, with his detailed estate book-keeping and his scientific use of the data so obtained for the solution of agrarian problems, was the first to apply the true method of investigation,—the exact, comparative, statistical method which Ehrenberg now proposes to reinstate in its rightful primacy. The *Thünen-Archiv* has accordingly set itself the task of collecting and analyzing the materials furnished by a close study of the accounts and inner mechanism of the contemporary "Unternehmung." It will furthermore publish extracts and elaborations of the Thünen manuscripts, which have recently been placed in the custody of the Rostock economic seminar.

Though the needlessly aggressive tone of this ambitious programme might easily invite criticism, it is doubtless attributable in part to the natural ebullition attending the advocacy of a new tool of research, in part to a comprehensible dissatisfaction with the present equipment and results of economic studies. But the new "Richtung" will be judged like its forerunners, not by its negative criticism, temporarily stimulating as that may be, but by its positive contribution to a science in the upbuilding of which all the various methods and "schools," each in its own way, will have co-operated. In the mean time, this earnest effort to attack certain central problems from a side hitherto difficult of approach will be followed with friendly attention. The *Thünen-Archiv* is to be congratulated if it succeeds in arousing the interest of practical business men so far as to obtain free access to the books and papers of firms and corporations on the scale necessary for the wide comparative investigation here proposed. The articles composing this first number,—on the development of the great firm of Siemens and Halske, on company dividend statistics, the accounts of a

Mecklenburg estate, Thünen's early economic studies,—apparently all by Ehrenberg,—are suggestive and valuable, and are bound together by unity both of method and of motive, the descriptive statistical method and the persuasion of the pivotal importance of the entrepreneur's function in modern industrial society.

E. F. G.

RECENT PUBLICATIONS UPON ECONOMICS.

Chiefly published or announced since August, 1904.

An asterisk prefixed to a title indicates a second and more detailed notice of a book announced in a previous number.

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| I. General Works. Theory and its History. | VIII. Money, Banking and Exchange. |
| II. The Labor Problem. | IX. Finance and Taxation. |
| III. Socialism. | X. Capital and its Organization: Combinations. |
| IV. Land and Agrarian Problems. | XI. Economic History. |
| V. Population and Migration. | XII. Description of Industries and Resources. |
| VI. Transportation. | XIII. Statistical Theory and Practice. |
| VII. Foreign Trade and Colonization. | |

XIV. Not Classified.

I. GENERAL WORKS. THEORY AND ITS HISTORY.

- BIERMAN (W. E.). Staat u. Wirtschaft. 1 Bd. Die Anschauungen des ökonomischen Individualismus. Berlin: Puttkamer u. Mühlbrecht. 1904. 8vo. pp. 200. 3.60 m.
- CARVER (T. N.). The Distribution of Wealth. New York: Macmillan. 1904. 8vo. pp. xvi, 290. [Treats of the theories of value, diminishing returns, income, wages, rent, interest, and profits. Presents a productivity theory of distribution.]
- CONRAD (J.). Grundriss zum Studium der Nationalökonomie: IV. Thl. Statistik; 2 Thl. Die Statistik der wirtschaftlichen Kultur. Jena: G. Fischer. 8vo. pp. x, 233. 5 m.
- DENIS (H.). Histoire des systèmes économiques et socialistes. Tome I. Paris: Giard et Brière. 1904. 8vo. pp. 365. 7 fr. [This volume is devoted to a thorough study of the Physiocrats and Adam Smith, with some of their immediate precursors. Has useful bibliographical notes.]
- DUNBAR (C. F.). Economic Essays, edited by O. M. W. Sprague, with introduction by F. W. Taussig. New York: Macmillan. 1904. 8vo. (Partly reprinted, partly posthumous writings. Announced.)
- FETTER (F. A.). The Principles of Economics, with Applications to Practical Problems. New York: The Century Co. 8vo. pp. 610. [A text-book, in which the author essays to "amend certain theoretical views" and "present most recent opinions." Part I., The Value of Material Things,—Wants, Wealth and Rent, Capitalization and Time Value; II., The Value of Human Services,—Labor and Wages, Enterprise and Profits; III., Social Aspects of Value,—Private Income and Social Welfare, The State and Industry, under which last head come money and banking, international trade, transportation, public control of industry.]
- GRASSERIE (R. de la). Essai d'une sociologie globale et synthétique. Paris: Schleicher. 1904. 8vo. 10 fr.
- GREEF (G. de). La sociologie économique. Paris: Alcan. 1904. 8vo. pp. 249. 3.75 fr.
- JONES (J. R.). The Sociology of a New York City Block. [Columbia University Studies in History, Economics, and Law.] New

York: Macmillan. 1904. 8vo. pp. 184. \$1.

[An attempt to fit the population of a city block into modern sociological classifications.]

LEESSEN (H.). Frederic Bastiat. Sein Leben, und seine sozial-ökonomischen Anschauungen. München: E. Reinhardt. 1904. 8vo. pp. xxxiii, 170. 3 m.

LORIA (A.). Verso la giustizia sociale. Idee, battaglia ed apostoli. Milan: Società Editrice Libreria. 1904. 8vo. pp. viii, 572. 12 l.

[A collection of essays.]

MARGOLIN (S.). Kapital u. Kapitalismus. Eine Kritik der Böhm-Bawerk'schen Lehre. Berlin: E. Ebering. 1904. 8vo. pp. 179. 4.80 m.

SCHMOLLER (G.). Grundriss der allgemeinen Volkswirtschaftslehre. Zweiter Theil. Leipzig: Duncker u. Humblot. 8vo. pp. 719. 16 m.

[Part I. was published in 1900. Part II. now completes the work. It contains: Book III., on Exchange and Distribution, — Money, Banking, Value and Price, Interest, Wages, Rent, and the like; and Book IV., on The Development of Economic Life as a Whole, — Crises, Social Classes and their History, International Trade, Progress at Large.]

SMITH (A.). The Wealth of Nations. Edited, with introduction and numerous notes, by Edwin Cannan. 2 vols. New York: Putnam's. 1904. 8vo. \$6.

[Will become the standard edition.]

TARDE (G.). The Laws of Imitation. Translated from the second French edition by Elsie C. Parsons, with introduction by Franklin H. Giddings. Henry Holt & Co. 8vo. \$3.

[A most interesting attempt to put sociology on a scientific basis by analyzing the forces which lie back of outward social phenomena.]

VEBLEN (T. V.). The Theory of Business Enterprise. New York: Scribner's. 1904. 8vo. pp. 400.

["A theory of the modern eco-

nomie situation must be primarily a theory of business traffic, with its motives, aims, methods, and effects."]

WAGNER (A.). Les fondements de l'économie politique. Tome I. Paris: Giard et Brière. 8vo. pp. 520. 10 fr.

[A French translation of Wagner's *Grundlegung*, useful to students who do not read German.]

WORMS (R.). Philosophie des sciences sociales. Tome II. Méthode des sciences sociales. Paris: Giard et Brière. 1904. 8vo. pp. 254. 4 fr.

In Periodicals.

AMBROZOVICS (B.). Sur la rente des consommateurs. Rev. d'Econ. Pol., June, Aug., Sept. [A semi-mathematical study based on the theory that the consumption of goods changes inversely as the square of their price.]

BEROLZHEIMER (F.). Das Vermögen. (Continuation.) Ann. des Deutsch. Reichs, 1904, 7 and 8.

BRANFORD (U.). The Founders of Sociology. Amer. Journ. Sociol., July.

EHRENBERG (R.). Thünen's erste wirtschaftswissenschaftliche Studien. Thünen-Archiv, I. 1.

FÖLDES (B.). Individualprinzip, Sozialprinzip, und sozialetisches Problem. Dogmengeschichtliches und Theoretisches. Jahrb. f. Nat. Oek., July. ["The economic law of value is a special case of the general law of value in ethics."]

GIDDINGS (F. H.). The Concepts and Methods of Sociology. Amer. Journ. Sociol., Sept.

GOUNARD (R.). Un précurseur de Malthus. Giammaria Ortès. Rev. d'Econ. Pol., Aug., Sept. [Ortès is described as perhaps the greatest and certainly one of the most original of Italian economists.]

HOBSON (J. A.). Marginal Units in the Theory of Distribution. Journ. Polit. Econ., Sept. [A strangely confused attempt at economic analysis.]

KAULLA (R.). Der Lehrer des Oresmius. Zeitschr. f. d. ges. Staatsw., 1904, Heft 3. [Jean

- Buridan was the first to formulate the theory of money with which the name of Nicholas Oresme has been associated.]
- LAUGHLIN (J. L.). Hobson's Theory of Distribution. *Journ. Pol. Econ.*, June.
- PANTALEONI (M.). Alcune osservazioni sulle attribuzioni di valori in assenza di formazione di prezzi di mercato. *Giorn. degli Econ.*, March, April.
- PIGOU (A.). Monopoly and Consumer's Surplus. *Econ. Journ.*, Sept. [Two ways in which a monopoly may secure for itself part of what would otherwise be consumer's surplus: (1) by discrimination in prices; (2) by exterminating competitors.]
- RICCI (U.). Curve crescenti di ofelimità elementare e di domanda. *Giorn. degli Econ.*, Aug. [A mathematical article.]
- ROSS (E. A.). Moot Points in Sociology. VII., VIII. *Amer. Journ. Soc.*, July, Sept.
- SPANN (O.). Untersuchungen über den Gesellschaftsbegriff zur Einleitung in die Soziologie. *Zeitschr. f. d. ges. Staatsw.*, 1904, Heft 3.
- VINCENT (G. E.). The Development of Sociology. *Amer. Journ. Soc.*, Sept.

II. THE LABOR PROBLEM.

- BERNARDINI (L.). Il concetto della giusta retribuzione del lavoro: saggio storico, dogmatico e critico. Rome. 1904. 8vo. pp. 165.
- BOURGEOIS (L.). Les applications sociales de la solidarité. Paris: Alcan. 1904. 8vo. pp. 261. 6 fr. [A series of essays by Brouard, Glide, Monod, and others, edited by L. Bourgeois.]
- CONTENSON (L. de). Syndicats, mutualités, retraites. Paris: Perrin. 1904. 16mo. pp. 310. 3.50 fr.
- GAYME (L.). Travail et prévoyance. Paris: Alcan. 1904. 8vo. pp. 164. 4 fr.
- KALB (A.). Als Arbeiter in Amerika. 2 Thle. Berlin: K. Siegesmund. 1904. 8vo. pp. II, 282. 6 m.
- LAMBERT (P.). L'action syndicale et les co-opératives de production. Angers: Hudon. 1904. 8vo. 38 fr.
- LESTELLE (L.). Étude sur le familistère de Guise. (Son fondateur: J. B.-A. Godin.) Paris: Rousseau. 1904. 8vo. pp. 151. 3 fr.
- LINDECKE (E.). Die Ansichten der Konsumvereine. Basel: Helbig u. Lichtenhahn. 1904. 8vo. pp. 104. 1.60 m.
- LOUIS (P.). L'ouvrier devant l'état. Étude comparée des lois du travail dans les Deux Mondes. Paris: Alcan. 1904. 8vo. 7 fr.
- RENAULD (E. von K.). Die Entwicklung der Grundrente u. Wohnungsfrage in München. Leipzig: C. L. Hirschfeld. 1904. 8vo. pp. vi, 210. 6.40 m.
- RICHARD (A.). Essai sur la co-opération de la main-d'œuvre. Le contrat collectif et la sous-entreprise industrielle. Préface de Yves Guyot. Paris: Guillaumin. 8vo. pp. 342. 6 fr.
- RÜDIGER-MILTENBERG (A.). Der gerechte Lohn. Berlin. 1904. 8vo. pp. 119. 2.6 m.
- SAYOUS (A. E.). Les grèves de Marseille en 1904. Paris: L. Larose et L. Tenin. 1904. 12mo. pp. 64. 1 fr.
- SOMBART (W.). Die gewerbliche Arbeiterfrage. Leipzig: G. J. Göschen. 1904. 8vo. pp. 144. .80 m.
- SUSINI (J.). L'inspection du travail en Belgique. Paris: Jouve. 1904. 8vo. pp. 202.
- THUARD (E.). Du placement des ouvriers, des domestiques en France et à l'étranger. Le Mans: Blanchet. 1904. 8vo. pp. 293.
- TURATI (F.). I tribunali del lavoro: relazione al consiglio superiore del lavoro per la riforma della legge sul proibiviri industriali. Rome: G. Bertero e C. 1904. 16mo. pp. 95. 1 l.
- UNSIGNED. First Report of the Tenement House Commission of

the City of New York. 2 vols. New York. 1904. 8vo. pp. 426, 480.

[An extremely valuable report of the remarkable work done by the New York Commission, fully illustrated.]

Organized Labor and Capital. The William Bull Lectures for the Year 1904. Philadelphia: G. W. Jacobs & Co. 1904. 12mo. pp. 226.

[The W. L. Bull Lectures for 1904. Four lectures by Rev. Washington Gladden, Talcott Williams, Rev. George Hodges, and Rev. Francis G. Peabody. An interesting, stimulating, and helpful volume.]

In Periodicals.

BACHI (R.). Le clausole contrattuali per la tutela degli operai occupati nei lavori appaltati dai Comuni e dalle Province. Giorn. degli Econ., May.

BONAUDI (E.). Per la riforma della legge sul probiviri industriali. Riforma Soc., June. [A discussion of Turati's report concerning the reform of the law of 1893.]

BULLOCK (C. J.). The Closed Shop. Atlantic Monthly, Oct. [The demand for the closed shop justified only when an employer discriminates, openly or covertly, against the trade-union. In general, the closed shop would bring revolutionary infraction of liberty, and give sweeping powers to irresponsible bodies.]

CLARK (E. E.). Arbitration of Industrial Disputes. Ann. Amer. Acad., Sept.

DOCHOW (F.). Arbeitskammern. Jahrb. f. Gesetzg., 1904, Heft 3. [A brief descriptive article.]

FOLKS (H.). Child Labor and the Law. Charities, Oct.

GILLETTE (G. W.). Buffalo Tenement Houses: How the Municipal Broom has been brought into Effective Action. Charities, Oct.

GOLDMARK (J. C.). Street Labor and Juvenile Delinquency. Pol. Sci. Quart., Sept.

GRABINSKI (G.). Il contratto di lavoro. Annali della società agra-

ria provinciale di Bologna, Vol. XLIII., 1903.

HACKER (P.). Arbeiterpensionen und Finanzpolitik. Zeits. f. d. ges. Staatsw., 1904, Heft 3.

HUTCHINS (B. L.). Employment of Women in Paper Mills. Econ. Journ., June. [A descriptive sketch, considering percentage of women in the industry, wages, efficiency.]

KADLEC (K.). Ueber die Arbeitsgenossenschaften im slavischen Recht. Zeits. f. vergl. Rechtsw., XVII., 1, 2.

KELLEY (Florence). Child Labor in the United States. Charities, Aug. 20.

KIRKE (Henry). The Question of Chinese Labor. Econ. Rev., July. [A strongly biased plea for the introduction of Chinese labor into South Africa. Shows no economic insight.]

KLEEBERG (A.). Ein Beitrag zur Revision der Begriffe Strike, Lockout und Boycott. Jahrb. f. Gesetzg., 1904, Heft 3. [Proposes definitions for these terms.]

MACARTHUR (W.). Political Action and Trade-unionism. Ann. Amer. Acad., Sept.

PARKER (E. H.). The Economy of Chinese Labour. Econ. Journ., June. [Entertaining descriptive notes by a keen and experienced observer.]

RAISON (F.). Les sociétés de secours mutuels aux États-Unis. Mus. Soc., July. [Prefers the French system, with state subventions.]

RUBINOW (I. M.). Labor Insurance. Journ. Polit. Econ., June.

—, Compulsory State Insurance of Workingmen. Ann. Amer. Acad., Sept.

TRENOR (J. J. D.). Proposals affecting Immigration. Ann. Amer. Acad., July.

TUCKWELL (G. M.). The Industrial Position of Women. Independent Rev., Aug. ["Regulation by State and Trade alone promise a safe guarantee for women's industrial position."]

WALLING (W. E.). The New Unionism—The Problem of the Unskilled Worker. Ann. Amer. Acad., Sept.

WEBB (S.). A National Policy. Independent Rev., July. [The maintenance of a national minimum against parasitic industries is urged.]

YUDELSON (Sophie). Woman's Place in Industry and Labor Organizations. Ann. Amer. Acad., Sept.

III. SOCIALISM.

BERNSTEIN (E.). Zur Theorie u. Geschichte des Socialismus. 4 Aufl., 3 Thle. Berlin: F. Dümmler. 1904. 8vo. pp. xiv, 446. 6m.

JAGWITZ (F. von). Sociale Gesetzgebung u. Socialdemokratie. I. Thl. Arbeiterversicherung u. Arbeiterorganisation. Berlin: A. W. Heyn. 1904. 8vo. pp. viii, 185. 3.50 m.

ONCKEN (H.). Lassalle. Stuttgart: F. Frommann. 1904. 8vo. pp. vii, 450. 5 m.

SINGER (K.). Sociale Fürsorge. München: R. Oldenbourg. 1904. 8vo. pp. xxiv, 266. 4 m.

TARBOURIECH (E.). Essai sur la propriété. Paris: Giard et Brière. 1904. 12mo. pp. 356.

[An examination of the theory of property with special reference to the theories of the socialists.]

TCHERNOFF (I.). Louis Blanc. (Bibliothèque Socialiste.) Paris: Soc. nouv. 1904. 16mo. pp. 112. 50 fr.

THOMAS (F.). Pierre Leroux, sa vie, son œuvre, sa doctrine. Paris: Alcan. 1904. 8vo. pp. 340. 5 fr.

In Periodicals.

MICHELIS (R.). Le incoerenza internazionale nel socialismo contemporaneo. Riforma Soc., Aug. [A German socialist complains of the lack of international discipline and unity of aim among the socialists.]

PAPAFAVA (F.). Il congresso socialista di Bologna. Giorn. degli Econ., May.

IV. LAND AND AGRARIAN PROBLEMS.

O'HARA (F.). Die Uebertragung der Grundrente an die Gesellschaft. Berlin: E. Ebering. 1904. 8vo. pp. 71. 2 m.

PRATT (E. A.). The Organization of Agriculture. New York: Dutton. 1904. 8vo. pp. 403. \$2.

[A valuable survey of co-operative organizations in all parts of the world for the production and distribution of farm products.]

ROCQUIGNY (Comte de). Le prolétariat rural en Italie. Lignes et grèves de paysans. Paris: Rousseau. 1904. 18mo. pp. 291. 3.30 fr.

In Periodicals.

DUARTE (J. C.) and RUBEN (E.). Die Hausgemeinschaft im heutigen spanischen Gewohnheitsrechte. Zeits. f. vergl. Rechtsw., XVII, 1, 2.

EHRENBERG (R.). Aus den Betriebsergebnissen eines mecklen-

burgischen Rittergutes. (1846-1895.) Thünen-Archiv, I., 1.

FOCHIER (E.). La municipalisation des sols en Allemagne. Rev. d'Econ. Pol., June. [Sketches the efforts which have been made by various German cities during the last decade to secure the "unearned increment."]

HERKNER (H.). Betriebseinrichtungen und Rentabilität der schweizerischen Landwirtschaft. Jahrb. f. Gesetzg., 1904, Heft 3. [An analysis of 110 peasant farmers' accounts for 1901-02 obtained by the Swiss Department of Agriculture.]

ZAMPIERI (I.). Il disegno di legge sui contratti agrari, con particolare riguardo al contratto di mezzadria e specialmente alla mezzadria in uso nella provincia di Bologna. Annali della società agraria provinciale di Bologna, Vol. XLIII, 1903.

V. POPULATION AND MIGRATION.

- FESTA (C.). L' emigrazione nella legislazione comparata. Castrocara: Tip. Moderna. 1904. 8vo. pp. xvi, 424. 2.50 l.
- GIROUD (G.). Population et sub-sistances. Essai d'arithmétique économique. Paris: Schleicher. 1904. 16mo. pp. 60. 1 fr.
- In Periodicals.*
- CARIATI (A.). Il problema dell' emigrazione protetta in Italia. Riforma Soc., Aug. [A summary of Bodio's third and final report as commissioner-general of emigration under the law of 1901.]
- CASTELOTT (E.). Stationary Population in France. Econ. Journ., June. [Adds nothing to familiar knowledge on this phenomenon.]
- CLAGHORN (Kate H.). Immigration in its Relation to Pauperism. Ann. Amer. Acad., July.
- FERROGLIO (G.). La vita economica della popolazione italiana. Riforma Soc., July. [A brief statistical study of occupations in Italy.]
- HALL (P. F.). Selection of Immigration. Ann. Amer. Acad., July.
- MCLAUGHLIN (Allan). The Immigrant, Past and Present. Pop. Sci. Monthly, July.
- MONTEMANTINI (G.). Di un legge di fecondità nelle operale della grande industria in Italia. Giorn. degli Econ., May.
- NORTON (E.). The Diffusion of Immigration. Ann. Amer. Acad., July.
- PARSONS (F.). Australasian Methods of Dealing with Immigration. Ann. Amer. Acad., July.
- SARGENT (F. P.). Problems of Immigration. Ann. Amer. Acad., July.

VI. TRANSPORTATION.

- DELIGNY (P.). Étude comparée du droit de rachat dans les concessions de chemins de fer d'intérêt général. Paris: Guillaumin. 8vo. pp. 232. 5 fr.
- GORDON (J. H.). Illinois Railway Legislation and Commission Control since 1870. Univ. of Illinois Bulletin, I., 12. Urbana, Ill.: Univ. Press. 1904. 8vo. pp. 81. 25 cts.
- [A useful study.]
- KOULOMZINE (A. N. de). Le trans-sibérien. Traduit du russe par J. Legras. Paris: Hachette. 1904. 8vo. 7.50 fr.
- MAGALION (L.). Un gaspillage de 100 millions. Le canal de jonction de Marseille au Rhône. Préface de Yves Guyot. Marseilles: Raybaud. 1904. 8vo. pp. 30.
- MILHAUD (E.). Le rachat des chemins de fer. Paris: Cornely. 1904. 16mo. pp. 300. 3.50 fr.
- WEISS (L.). Die Tarife der deutschen Strassenbahnen. Karlsruhe: G. Braun. 1904. 8vo. pp. vii, 139. 3.20 m.
- YOUNG (J. S.). A Political and Constitutional Study of the Cumberland Road. Chicago: Univ. of Chicago. 8vo. pp. 102. \$1.
- [A careful study on the legislative and constitutional side, with incidental treatment of economic aspects.]
- In Periodicals.*
- ADAMS (B.). Legal Supervision of the Transportation Tax. No. Amer. Rev., Sept. [A review of decisions under interstate commerce and anti-trust laws.]
- CARLTON (F. T.). The Electric Interurban Railroad. Yale Rev., Aug. [A description of the progress already made and of the social and economic possibilities.]
- CONWAY (T.). Street Railways in Philadelphia since 1900. Ann. Amer. Acad., Sept.

- GARNER (J. W.). The Northern Securities Case. *Ann. Amer. Acad.*, July.
- GIUFFRIDA (G.). I progressi tecnici dell' industria del trasporti marittimi e il ribasso dei noli. *Giorn. degli Econ.*, May.
- RACCA (V.). A proposito della nazionalizzazione delle ferrovie in Svizzera. *Giorn. degli Econ.*, June. [Points out some mistakes made by the state in its short experience of railway management, but declares that it is too early to condemn the recent nationalization.]
- SCHULZE (W. A.). Die Fahrgeschwindigkeit der Schnellzüge auf deutschen u. amerikanischen Eisenbahnen. *Archiv f. Eisenbahnw.*, Sept. [A reply to Mr. Tunell's article in *Journ. Pol. Econ.*, Dec., 1903.]
- WATHELET (J.). Quelques principes financiers relatifs à l'exploitation des chemins de fer en Prusse. *Rev. de Sci. et de Lég. Fin.*, 2, 3. [Explains working of the law of 1882.]

VII. FOREIGN TRADE AND COLONIZATION.

- ATKINSON (E.). Facts and Figures. The Basis of Economic Science. Boston: Houghton, Mifflin & Co. 8vo. pp. 202. \$1.50. [A collection of essays devoted chiefly to free trade and protection, the cost of war, etc.]
- AUBRY. Étude critique de la politique commerciale de l'Angleterre à l'égard de ses colonies. Paris: Messein. 1904. 8vo. pp. 490. 10 fr.
- BLAUCAN (A.). La crise de la Guadeloupe. Ses causes et ses remèdes. Paris: Rousseau. 1904. 8vo. pp. 201. 4 fr.
- BOSC (L.). Unions douanières et projets d'unions douanières. Paris: Rousseau. 1904. 8vo. pp. 498.
- BOSSIET (J.). Ports francs et zones franches. Paris: Pedone. 1904. 8vo. pp. 250. 6 fr.
- CARMICHAEL (R. S.). Les projets fiscaux de l'Angleterre et nos relations avec nos colonies. Paris: Larose. 1904. 8vo. 1.50 fr.
- CHOMLEY (C. H.). Protection in Canada and Australasia. London: King. 1904. 8vo. pp. 268. 3s. 6d.
- CUVILLIER-FLEURY (H.). La mise en valeur du Congo français. Les sociétés concessionnaires, leur œuvre, leur avenir, et la collaboration de l'état. Paris: Larose. 1904. 8vo. 6 fr.
- DAY (C.). The Policy and Administration of the Dutch in Java. New York: Macmillan. 8vo. pp. 434. \$2. [An excellent summary of Dutch literature on the colonial administration of Java, past and present.]
- FAUCHER (H.) et TAILLIS (J. du). Les intérêts économiques de la France coloniale. Rapports présentés au congrès colonial de 1904. Préface de P. Leroy-Beaulieu. Paris: Challamel. 1904. 8vo. 5 fr.
- MEREDITH (H. O.). Protection in France. London: King. 1904. 8vo. 3s. 6d.
- MORTARI (G.) e LOSCHI (G.). Espansione coloniale. Florence. 1904. [Deals especially with Italian colonization of the state of San Paolo.]
- PATOUILLET (J.). L'impérialisme américain. Paris: Rousseau. 1904. 8vo. pp. 388. 7.50 fr.
- SMART (W.). The Return to Protection. London: Macmillan. 1904. 8vo. pp. 284. 5s. [Written by a theorist who can claim to have been "a free-trade manufacturer" in England and a "protected manufacturer" in the United States before he became a teacher and a writer upon economics. Discusses the theory of international trade, the general results of protection, and the present proposals of Mr. Chamberlain. A trenchant criticism of protectionism.]

WETTSTEIN (J.). La réforme dans la politique économique de l'Angleterre. Paris: Guillaumin. 1904. 8vo. pp. 80. 2 fr.

UNSIGNED. The Iron and Steel Trades. London: King. 1904. 8vo. pp. 176. 2s. 6d.

[A preliminary report of Mr. Chamberlain's commission, with an appendix full of statistical and other data on the industry in England and in other countries.]

In Periodicals.

ASHLEY (W. J.). Political Economy and the Tariff Problem. Econ. Rev., July. [A survey of the trend of economic theory, especially in Germany in recent years, to show that the tariff problem should be approached in an objective spirit, and that the case against protection is not closed.]

BERNSTEIN (E.). German Professors and Protection. Contemp. Rev., July. [Chiefly a criticism of Wagner's "Agrar- und Industriestaat."]

COHN (G.). Free-trade and Protection. Econ. Journ., June. [A non-committal descriptive essay, dealing with List, the sentiment of nationality, and like topics.]

CORTELYOU (G. B.). Some Agencies for the Extension of our Domestic and Foreign Trade. Ann. Amer. Acad., July.

ELLINGER (Barnard). A Comparison of Exports to the United States, European Protective States, and our Colonies. Econ. Rev., July. [Denies that English exports to the United States and European Protected Countries are less than to the British Colonies.]

FLUX (W. A.). Britain's Place in Foreign Markets. Econ. Journ., Sept. [An excellent paper on the facts of the case, continuing to date other papers by the same scholar on this topic.]

GIRETTI (G.). I parassiti dello zuccherio. Giorn. degli Econ., April. [Opposing the protective tariff

which has stimulated the sugar industry in Italy.]

GODIO (G.). L'Italia ed i suoi problemi d'espansione coloniale. Annali della società agraria provinciale di Bologna, Vol. XLIII., 1903.

GRAHAM (Marquis of). British Shipping and Fiscal Reform. Nineteenth Cent., Aug.

LAUCK (W. J.). The Political Significance of Reciprocity. Journ. Polit. Econ., Sept.

MARCO (A. de Viti-de). La politica commerciale e gli interessi dei lavoratori. Giorn. degli Econ., July. [The substance of three addresses announcing the formation of an Anti-protectionist League. A vigorous advocacy of free-trade, with especial reference to Italian conditions.]

PALGRAVE (R. H. L.). Some Neglected Lessons. Nat. Rev., Aug. [Protection not a remedy for British agriculture.]

PRICE (L. L.). Economic Theory and Fiscal Policy. Econ. Journ., Sept. [Combats the proposition that "free-trade is the economists' policy," and maintains that recent theorizing gives support to a policy of protection.]

SCHMOLLER (G.). Die künftige englische Handelspolitik, Chamberlain und der Imperialismus. Jahrb. f. Gesetzg., 1904, Heft 3. [Urges the view that Germany has nothing to fear from the possible change of England's tariff policy.]

TAYLOR (B.). Shall we restore the Navigation Laws? Nineteenth Cent., Sept.

UNITED STATES: OFFICIAL. Reciprocity Treaties and Agreements of the United States since 1850. Monthly Summary Com. and Finance, Aug. [A list of the treaties, the text of the legislation authorizing them, and a list (with text) of agreements signed, but not yet ratified.]

VOLTA (R. dalla). Per il centenario di Riccardo Cobden. Giorn. degli Econ., July. [Eulogy.]

UNSIGNED. The Return to Protection. Edinburgh Rev., July.

VIII. MONEY, BANKING AND EXCHANGE.

- ANTHONY (E.). *Decimal Coinage and the Metric System of Weights and Measures*. London: Routledge. 1904. 8vo. pp. 103.
[Favors a change in the British system.]
- BIEDERMANN (E.). *Die Statistik der Edelmetalle*. 2 Aufl. Berlin: W. Ernst. 1904. 4to. pp. 132. 6 m.
- CHEVILLIARD (G.). *Le stock-exchange. Les usages de la place de Londres et les fonds anglais*. Paris: Boyveau et Chevillet. 1904. 8vo. 13.25 fr.
- CONANT (C. A.). *Wall Street and the Country. A Study of Recent Financial Tendencies*. New York: Putnam's. 1904. pp. 247. \$1.
[Contains essays previously published in magazines. Endeavors to remove misapprehensions "which seem to have obtained lodgment in the minds of a certain portion of the public." Inclines to excessive optimism.]
- COURCELLE-SENEUIL (J. G.). *Les opérations de banque. Traité théorique et pratique*. Neuvième édition mise à jour par André Liesse. Paris: Guillaumin. 1904. 8vo. 8 fr.
- GOUMAIN - CORNILLE (A.). *Les banques coloniales*. Paris: Larose. 1903. 8vo. pp. 281. 5 fr.
- KINLEY (D.). *Money: A Study of the Theory and Medium of Exchange*. New York: Macmillan. 1904. \$1.25.
[Devoted chiefly to the theory of money and credit.]
- PATTONI (A.). *Sulle crisi economiche e sui rapporti tra crisi e banche*. Borgo San Dalmazzo: Tip. Penieri. 1904.
[A dissertation by a pupil of Loria.]
- ROUSSEL (E.). *Science de la Bourse. Manuel du spéculateur et du capitaliste*. Paris: Guillaumin. 1904. 18mo. 3 fr.
- STRAKER (F.). *The Money Market*. London: Methuen. 1904. 8vo. pp. 180.
[Operation of the London money market.]
- WARREN (H.). *The Customer's Guide to Banking*. London: Richards. 1904. 8vo. pp. 416. 6s.
- In Periodicals.*
- BRASCA (L.). *La teoria della valutazione in rapporto alla teoria del valore*. Giorn. degli Econ., June.
- CLEVELAND (F. A.). *The Financial Reports of National Banks as a Means of Public Control*. Ann. Amer. Acad., July.
- CONANT (C. A.). *The Principles of Coinage*. Sound Currency, June.
- COURTNEY (L.). *What is the Use of Gold Discoveries? Nineteenth Cent.*, Aug. [Very little.]
- CUNNINGHAM (A.). *China's Monetary System*. Sound Currency, Sept.
- DARWIN (L.). *Currency Reform in Mexico and China*. Econ. Journ., Sept. [A summary review of current proposals.]
- FULANO (T.). *Philippine Currency: A Criticism*. Sound Currency, Sept.
- HEYN (O.). *Das Steigen des Rupienkurses nach der Aufhebung der indischen Silberwährung und seine Ursachen*. Jahrb. f. Nat. Oek., Aug. [Opposes the quantity-theory explanation of the rise and maintenance of the rupee price, criticising the findings of the American Commission on International Exchange.]
- IDE (H. C.). *The New Philippine Currency*. Sound Currency, Sept.
- JENKS (J. W.). *Monetary Reform in China*. Sound Currency, Sept.
- KILBURN (F. D.). *Control and Supervision of Trust Companies*. Ann. Amer. Acad., July.
- MUHLEMAN (M. L.). *The Panama Canal Payment*. Journ. Polit. Econ., Sept. [Sets forth the manner in which the payment was made.]
- RIDGELY (W. B.). *Government Control of Banks and Trust Companies*. Ann. Amer. Acad., July.
- RIEDL (R.). *Die Währungsreform*

- in Oesterreich-Ungarn. (Part II.) Jahrb. f. Gesetzg., 1904, Heft 3.
- ROOT (L. C.). The Farmer's Interest in Bank Currency Reform. Sound Currency, June.
- SAMMIS (L. W.). The Relation of Trust Companies to Industrial Combinations as illustrated by the United States Ship Building Company. Ann. Amer. Acad., July.
- WOLFF (H. W.). Our Savings Banks. Econ. Rev., July.
- UNSIGNED. Enquête sur la circulation monétaire et fiduciaire. Bull. de Stat. et Lég. Comp., Mars, 1904. [An important official investigation made in 1903.]

IX. FINANCE AND TAXATION.

- DUFOY (J.). L'impôt progressif en France. Paris: Guillaumin. 1904. 8vo. 3 fr.
- FEUGÈRE (E.). L'octroi de Paris. Histoire et législation. Paris: Berger-Levrault. 1904. 8vo. pp. 688. 12 fr.
- FLAMINI (G. de). La materia e la forma del bilancio inglese. Turin, Rome: Roux e Viarengo. 1904. pp. 309. 5 l.
- GRENARD (F.). Étude sur l'organisation budgétaire de l'Indo-Chine. Paris: Rousseau. 1904. 8vo. pp. 250.
- JANNACCONE (P.). I tributi speciali nella scienza della finanza e nel diritto finanziario italiano. Turin: Fratelli Bocca. 1904. 8vo. pp. 125. 3.50 l.
- JOHANNIS (A. T. de). La conversione della rendita. Florence: G. Barbera. 1904. 8vo. pp. 363. 3.50 l.
- PERRANT (A.). Étude sur le régime financier des colonies françaises. Paris: Pedone. 1904. 8vo. pp. 280.
- RIPERT (G.). Étude sur les plus values indirectes résultant de l'exécution des travaux publics. Paris: Rousseau. 1904. 8vo. 3 fr.
- In Periodicals.*
- A (V. D'). Il disordine della nostra contabilità di stato. Riforma Soc., July.
- BRESCIANI (C.). Das Finanzwesen Italiens im Jahre 1902-1903. Finanz-Archiv, 21, 2. [Better economic conditions have resulted in another surplus.]
- CLEVELAND (F. A.). Municipal Accounts. Pol. Sci. Quart., Sept. [Insists that efficiency in administration is conditioned upon a rational system of accounting.]
- DABRITZ (W.). Der Staatshaushalt des Königreichs Sachsen. Ann. des Deutsch. Reichs, 1904, 9. [Chiefly descriptive. Concludes that the pressure of the state debt is extraordinarily heavy.]
- DEHLINGER (A.). Die Besteuerung der Aktiengesellschaften in Württemberg. Finanz-Archiv, 21, 2. [A thorough historical and critical study. Proposes an imperial tax on the income of corporations, supplemented by state property or product taxes.]
- DODD (Miss A. F.). Taxation of Land in Australasia. Econ. Journ., Sept. [On the whole, the recent experiments in South Australia and New Zealand have been successful.]
- GOBBI (U.). Un preteso difetto delle imposte sui consumi. Giorn. degli Econ., April.
- HIRSCH (M.). Le système financier de l'Australie. Rev. de Sci. et de Lég. Fin., 2, 3. [Chiefly descriptive.]
- KÖPPE (H.). Die rationelle Ausgestaltung der Matrikularbeiträge. Jahrb. f. Nat. Oek., Aug. [Should be apportioned according to the wealth of the different states, as measured by the income-tax.]
- NÉZARD (H.). Les budgets provisoires. Rev. de Sci. et de Lég. Fin., 2, 3. [A criticism of French budgetary practice, with proposals for reform.]
- SCHANZ (G.). Ein Wort zur bayerischen Kapitalrentensteuer. Finanz-Archiv, 21, 2. [A criticism of the productivity of the Bavarian tax.]

- SEIFFERT (K.). Beitrag zur Geschichte des bayer. staatschuldenwesens. Ann. des Deutsch. Reichs, 1904, 8. [Chiefly descriptive.]
- TANGORRA (V.). Il controllo sugli impegni delle pubbliche spese. Giorn. degli Econ., Aug.
- WERNICKE (J.). Die Umsatzsteuern auf Warenhäuser in rechtlicher Beziehung. Finanz-Archiv, 21, 2.
- WILLIAMS (W. M. J.). London's Share of the King's Taxes. Econ. Journ., June. [London contributes 16 per cent. of the tax revenue of the kingdom.]

X. CAPITAL AND ITS ORGANIZATION: COMBINATIONS.

- CLARK (J. B.). The Problem of Monopoly. A Study of a Grave Danger and of the Natural Mode of Averting it. New York: Columbia Univ. Press. 1904. 12mo. pp. 128. \$1.25.
[“The industrial system which developed under a régime of freedom and competition has become perverted by the presence of monopoly; and the thing to be accomplished is not to revolutionize the system by the method of state socialism, nor yet to cause it to reverse its natural development, . . . but rather to retain the corporations for their efficiency while taking from them their power of oppression.”]
- DESCURE (F.). Sociétés anonymes. Paris: Lebegue. 1904. 8vo. pp. 845.
- FLEMING (R.). Depraved Finance. New York: Revell. 1904. 12mo. pp. 235.
[An attack upon trusts. Of little value.]
- KANTOROWICZ (W.). Zur Psychologie der Kartelle. Berlin: C. Heymann. 1904. 8vo. pp. iii, 87. 1.50 m.
- PULBY (J.). Le monopole des pompes funèbres. Paris: Giard et Brière. 1904. 8vo. pp. 492. 12 fr.
- SHAW (B.). The Common Sense of Municipal Trading. London: Archibald Constable Co. 1904. 12mo. pp. 120. 2s. 6d.
[A readable and lively plea for municipal trading, from the Fabian standpoint.]
- STOEFEL (K. T.). Die deutsche Kallindustrie u. das Kallisyndikat. Halle: Tausch u. Grosse. 1904. 8vo. pp. viii, 329. 12 m.
- WALKER (Francis). Monopolistic Combinations in the German Coal Industry. Pubs. Amer. Econ. Assoc., 3d Series, Vol. V., No. 8. 8vo. pp. 334. \$1.25.
[An exhaustive and careful study of the German coal *Kartell*, based upon the latest official investigations, which have been peculiarly thorough. Results are checked by personal interviews and observations in the field. Includes a complete bibliography.]
- UNDESIGNED. Kontraktörise Verhandlungen über deutsche Kartelle. VII. u. VIII. Thle. Berlin: F. Siemenroth. 1904. 8vo. pp. 676. 7 m.
[Part VII. relates to the book trade; and Part VIII. to the iron tube industry.]
- , Obsolete American Securities and Corporations. New York: R. M. Smythe. 1904.

In Periodicals.

- BECK (J. M.). The Federal Power over Trusts. Ann. Amer. Acad., July.
- CLARK (J. B.). Monopoly and Tariff Reduction. Pol. Sci. Quart., Sept. [Shows that whatever “dynamic” arguments there may be in favor of protection, they do not apply to an industry which has become monopolized.]
- Ehrenberg (R.). Das Wesen der neuzeitlichen Unternehmung. I. “Kapitalismus.” II. Fabrikant und Handwerker. (Studien aus der Entwicklung der Firma Siemens und Halske.) III. Aktiengesellschaft und Aktienrente. Thünen-Archiv, I, 1.

- LEWIS (C. T.). The Scope and Limits of Congressional Legislation against the Trusts. Ann. Amer. Acad., July.
- LIEFMANN (R.). Der deutsche Buchhandel in der Kartellensituation, nebst Untersuchungen über seine Organisation und seine voraussichtliche Weiterbildung. Jahrb. f. Nat. Oek., Aug.
- MAVOR (J.). Recent Financial Movements in the United States. Econ. Journ., June. [An omnibus survey: banking operations, large corporations, manufacturing, protection. . .]
- MONTGOMERY (H. E.). The "Trust Problem." Journ. Polit. Econ., Sept.
- PARSONS (F.). Public Ownership and Low Rates. Ann. Amer. Acad., Sept.
- TAYLOR (W. G. L.). Promotion before the Trusts. Journ. Polit. Econ., June. [Shows that the promoter has always been with us, at least since the rise of joint stock companies.]

XI. ECONOMIC HISTORY.

- BÜCHER (K.). Die Entstehung der Volkswirtschaft. 4. Aufl. Tübingen: H. Laupp. 1904. 8vo. pp. 459. 6 m.
- COHEN (L.). Le grand bureau des pauvres de Paris au milieu du XVIII^e siècle. Contribution à l'histoire de l'assistance publique. Paris: Soc. nouv. de libr. 1904. 8vo. pp. 80. 2.25 fr.
- GELLI (T.). Gli archibugliari milanesi: industria, commercio, uso delle armi da fuoco in Lombardia. Milan: Ulrico Hoepli. 1904. 4to. pp. 204. 25 l.
- HORN (W.). Erfurts Stadtverfassung u. Stadtwirtschaft in ihrer Entwicklung bis zur Gegenwart. Jena: G. Fischer. 1904. 8vo. pp. xiii, 271. 7 m.
- LEVASSEUR (E.). Histoire des classes ouvrières et de l'industrie en France de 1789 à 1870. 2^{me} édition entièrement refondue. Tome II. Paris: Rousseau. 1904. 8vo. pp. 912. 12.50 fr.
- MACCHIORO (G.). Teorie e riforme economiche, finanziarie ed amministrative nella Lombardia del sec. XVIII. Città di Castello: S. Lapi. 1904. 250 l.
- PIVANO (S.). I contratti agrari in Italia nell'alto medio-evo. Turin: Unione Tipografico-Editrice. 1904. pp. 338. 6 l.
- SCHIPA (M.). Il regno di Napoli al tempo di Carlo di Borbone. Naples: Luigi Pierro. 1904. 8vo. xxxv, 815. 10 l.
- [Devotes much attention to the economic history of this period (1734-59).]
- SHEPHERD (R. P.). Turgot and the Six Edicts. New York: Columbia Univ. Press. 1904. 8vo. pp. 213. \$1.50.
- [A useful study.]
- SORSA (S. la). L'organizzazione dei cambiatori fiorentini nel medio evo. Cerignola. 1904. 8vo. pp. 157.
- TARBOURIECH (E.). Essai sur la propriété. Paris: Glard et Brière. 1904. 18mo. pp. 355. 3.50 fr.
- TAYLOR (H. C.). The Decline of Land-owning Farmers in England. Madison: Univ. of Wisconsin. 1904. 8vo. pp. 66. 25 cts.
- [An excellent brief account.]
- THIBAUT (F.). L'impôt direct et la propriété foncière dans le royaume des Lombards. Paris: Soc. du rec. gén. des lois et arrêts. 8vo. pp. 58. 2.50 fr.
- UNWIN (G.). Industrial Organization in the Sixteenth and Seventeenth Centuries. Oxford: Clarendon Press. 1904. 8vo. pp. viii, 276. 7s. 6d.
- [A notable contribution to English industrial history, partly bridging the gap between the period of the craft-gild and that of the trade-union.]

In Periodicals.

- ARIAS (G.). I lavoratori della corporazione artigiana nel medio evo. Giorn. degli Econ., March. [Op-

- posing the conception of the later Middle Ages as the "golden age" of the working classes.]
- BALLETTI (A.). Ordinamenti finanziari nell'età dei Comuni. Giorn. degli Econ., Aug. [A brief study of the financial history of Reggio from the 13th to the 15th century.]
- BELOW (G. v.). Zur Frage nach dem Ursprung der ältesten deutschen Steuer. Mitth. d. Inst. f. oesterr. Geschichtsforschung, 1904, Heft 3. [A controversial article on the "Bede."]
- EINAUDI (L.). Entrate straordinarie e debiti pubblici a Venezia dal 1736 al 1755. Una conversione del debito pubblico dal 4 al 3½ per cent. a Venezia nel 1753. Riforma Soc., June, July. [A continuation of the useful summary of the recent publication by the Royal Commission on Venetian Financial History.]
- HADWIGER (A.). Staatliche Weberpolitik in Oesterreichisch-Schlesien, 1740-1800. Zeitschr. f. d. ges. Staatsw., 1904, Heft 3. [A good study of the scanty archive material.]
- MALARCE (A. de). Le troisième centenaire de la caisse d'épargne, 1604-1904. Journ. des Econ., July. [A brief historical sketch.]
- NUGLISCH (A.). Zur Frage nach der Entstehung des modernen Kapitalismus. Jahrb. f. Nat. Oek., Aug. [Another attack on Sombart's thesis that the great fortunes of the 16th century were derived from rent rather than from trade profits.]
- PHILIPPI (F.). Handwerk und Handel im deutschen Mittelalter. Mitth. d. Inst. f. oesterr. Geschichtsforschung, 1904, Heft 1.
- SCOTT (W. R.). The Fiscal Policy of Scotland before the Union. Scottish Hist. Rev., Jan.
- Scottish Industrial Undertakings before the Union. Scottish Hist. Rev., Jan., July, Oct.]
- WEBB (Sidney and Beatrice). The Assize of Bread. Econ. Journ., June. [An excellent historical account, chiefly on the 18th century.]

XII. DESCRIPTION OF INDUSTRIES AND RESOURCES.

- ANSIAUX (M.). Que faut-il faire de nos industries à domicile? Brussels: Misch et Thron. 1904. [The author regards with favor the disappearance of house industries.]
- COURTE (Comte de). La Nouvelle-Zélande. Paris: Hachette. 1904. 8vo. 12 fr.
- HARRISON (A.). Women's Industries in Liverpool. London: Williams & Norgate. 1904. 8vo. pp. 64. 3s.
- LEROUY-BEAULIEU (Paul). Le Sahara, le Soudan central, et les chemins de fer transsahariens. Paris: Guillaumin. 1904. 8vo. pp. 470. 8 fr.
- LEROUY-BEAULIEU (Pierre). Les États-Unis au XX^e siècle. Paris: Colin. 1904. 18mo. pp. 470. 4 fr.
- LEVY (G.). Des moyens de conserver le travail à domicile. Lyon: Storck. 1904. 8vo. pp. 150.
- MARTIN (R.). Die Eisenindustrie in ihrem Kampf um den Absatzmarkt. Leipzig: Duncker u. Humblot. 1904. 8vo. pp. ix, 332. 7 m.
- MOIL (A.). Mining and Mining Investments. London: Methuen. 1904. 8vo. pp. 189.
- SEEBER (F.). Great Argentine. London: Wilson. 1904. 8vo. pp. 341. 2s. [Neighboring South American countries are also considered.]
- THONNAR (A.). Les industries à domicile en Belgique. L'Industrie du tissage de la laine. Brussels: Lebegue. 1904. 8vo. pp. 180.
- VEREIN F. SOCIALPOLITIK (Issued by). Verhandlungen über die Lage der in der Seeschifffahrt beschäftigten Arbeiter. Bd. 113. Leipzig: Duncker u. Humblot. 1904. 8vo. pp. viii, 318. 6.80 m.

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- BARTENS (A.). Ueber die Lage des Kolonialwaren-Kleinhandels in Magdeburg. Eine gewerbe-steuer-statistische Studie. Jahrb. f. Gesetzg., 1904, Heft 3. [Including an account of the co-operative societies.]
- FOUSE (I. G.). State Regulation of Insurance. Ann. Amer. Acad., July.
- GIVSKOV (E.). The Small Industries of France. Contemp. Rev., Sept. [Advantages of the by-industries of the peasant are dwelt upon.]
- HELM (E.). The Crisis in the Cotton Trade. Econ. Journ., June. [The ill effects of recent scarcity and dearthness of cotton, and of speculative manipulation of prices.]
- MAN (T.). The Political and Industrial Situation in Australia. Nineteenth Cent., Sept. [Further nationalizing of industry is predicted.]
- NITTI (F. S.). La probabile ricchezza privata dell' Italia. Riforma Soc., Aug. [A chapter from a forthcoming work by Professor Nitti.]
- SHAW (G. W.). Conditions Affecting Beet-sugar Culture in the United States. Journ. Pol. Econ., June.

XIII. STATISTICAL THEORY AND PRACTICE.

- BOWLEY (A. L.). Natural Progress in Wealth and Trade. London: King. [A careful statistical review of recent economic tendencies in England, as revealed by the Census of 1901 and other official data. Includes a valuable set of references on statistics of prices, wages, wealth, income, etc.; with critical comment.]
- LEO (V.). Die Organisation der amtlichen Arbeiterstatistik im Deutschen Reich. Berlin: C. Heymann. 1904. 8vo. pp. 68. 1 m. [Prepared for St. Louis Exposition.]
- UNDESIGNED. Catalogue de la Bibliothèque de la Commission Centrale de Statistique. Brussels: Académie Royale de Belgique. 1904. 8vo. pp. 338. [Useful for bibliographical purposes.]
- of the Twelfth Census. Journ. Pol. Econ., June.
- BAGNI (T.). Ricerche matematiche intorno ad alcune rappresentazioni schematiche delle serie statistiche. Giorn. degli Econ., March.
- BERTILLOX (J.). Données nouvelles sur les lois démographiques de la natalité. Bull. Soc. de Stat. de Paris, July and August. [Interesting account of vital statistics of New South Wales. That one-quarter of all marriages is accompanied by ante-nuptial conception is a striking phenomenon.]
- BROGGI (U.). Di un problema fondamentale di statistica investigatrice. Giorn. degli Econ., May.
- MONTEMARTINI (G.). Il mercato del lavoro. Note metodologiche. Giorn. degli Econ., April. [Outlines the programme and methods of the Italian bureau of labor.]
- UNDESIGNED. Wages and the Cost of Living. Bull. U.S. Dept. Labor, July.

In Periodicals.

- ABBOTT (Edith). Wage Statistics

XIV. NOT CLASSIFIED.

BOUTMY (E.). *The English People. A Study of their Political Psychology.* New York: Putnam's. 8vo. pp. 332. \$2.50.

[An excellent translation of the work of one who is widely known for his studies in English law and institutions.]

FREUND (E.). *The Police Power. Public Policy and Constitutional Rights.* Chicago: Callaghan & Co. pp. 819.

[An exhaustive and scholarly investigation of a topic that has long lacked adequate treatment. The part relating to "Economic Interests" is of importance to economists.]

SELLERS (E.). *The Danish Poor Relief System.* London: King. 1904. 8vo. 2s.

THILLEUL (M. du). *L'assistance publique à Paris. Ses bienfaiteurs et sa fortune mobilière.* 2 vols. I. *Hôpitaux et Hospices.* II. *Pauvres secourus à domicile.* Paris: Berger-Levrault. 1904. 8vo. pp. 1750. 15 fr.

[Published under the direction of the Administration générale de l'assistance publique à Paris.]

WOODBUFF (C. R., editor). *Proceedings of the Chicago Conference for Good City Government.* Philadelphia: Natl. Municipal League. 1904. 8vo. pp. 416.

[Contains excellent papers upon uniform municipal accounting, besides papers on municipal taxation and similar subjects.]

In Periodicals.

COLLIER (J.). *Democracy in Australasia.* *Yale Rev.*, Aug. [A graphic and sympathetic account of the so-called socialistic legislation of the Australasian colonies.]

REEDER (R. R.). *To Country and Cottage. The Effect upon Institution Children of a Change from Congregate Housing in the City to Cottage Housing in the Country.* *Charities*, Oct. 1.